VOLUME 2

JOURNAL

OF THE

HOUSE

OF REPRESENTATIVES

SEVENTY-SEVENTH SESSION

OF THE

LEGISLATURE

STATE OF MINNESOTA

1991

RAMALEY PRINTING COMPANY

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1991

THIRTY-FIFTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 18, 1991

The House of Representatives convened at 2:30 p.m. and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by the Reverend Gerald A. Mahon, St. Casimirs Catholic Church, Winona, Minnesota.

The roll was called and the following members were present:

Abrams	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Smith
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Solberg
Battaglia	Goodno	Krinkie	Omann	Sparby
Bauerly	Greenfield	Krueger	Onnen	Stanius
Beard	Gruenes	Lasley	Orenstein	Steensma
Begich	Gutknecht	Leppik	Orfield	Sviggum
Bertram	Hanson	Lieder	Osthoff	Swenson
Bettermann	Hartle	Limmer	Ostrom	Thompson
Bishop	Hasskamp	Long	Ozment	Tompkins
Blatz	Haukoos	Lourey	Pauly	Trimble
Bodahl	Hausman	Lynch	Pellow	Tunheim
Boo	Heir	Macklin	Pelowski	Uphus
Brown	Henry	Mariani	Peterson	Valento
Carlson	Hufnagle	Marsh	Pugh	Vellenga
Carruthers	Hugoson	McEachern	Reding	Wagenius
Clark	Jacobs	McGuire	Rest	Waltman
Cooper	Janezich	McPherson	Rice	Weaver
Dauner	Jaros	Milbert	Rodosovich	Wejcman
Davids	Jefferson	Morrison	Rukavina	Welker
Dawkins	Jennings	Munger	Runbeck	Welle
Dempsey	Johnson, A.	Murphy	Sarna	Wenzel
Dille	Johnson, R.	Nelson, K.	Schafer	Winter
Dorn	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

A quorum was present.

Schreiber 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 STANDING COMMITTEES

Ogren from the Committee on Taxes to which was referred:

H. F. No. 1, A bill for an act relating to waters; establishing a program for the enhancement, preservation, and protection of wetlands within the state; providing penalties; appropriating money; amending Minnesota Statutes 1990, sections 97A.145, subdivision 2; 103A.201; 103B.311, subdivision 6; 103E.701, by adding a subdivision; 103G.005, subdivisions 15 and 18, and by adding subdivisions; 103G.221, subdivision 1; and 103G.231, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 84; 103F; and 103G; repealing Minnesota Statutes 1990, section 103G.221, subdivisions 2 and 3.

Reported the same back with the following amendments:

Page 7, delete lines 1 to 4

Renumber the remaining subdivisions

And that when so amended the bill be re-referred to the Committee on Appropriations without further recommendation.

The report was adopted.

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

H. F. No. 12, A bill for an act relating to insurance; regulating credit for reinsurance; establishing standards and the commissioner's authority for companies considered to be in hazardous financial condition; regulating managing general agents; creating and regulating the life and health guaranty association; prescribing its powers and duties; amending Minnesota Statutes 1990, section 60B.25; proposing coding for new law in Minnesota Statutes, chapter 61B; proposing coding for new law as Minnesota Statutes, chapters 60G, 60H, and 60I; repealing Minnesota Statutes 1990, sections 61B.01; 61B.02; 61B.03; 61B.04; 61B.05; 61B.06; 61B.07; 61B.08; 61B.09; 61B.10; 61B.11; 61B.12; 61B.13; 61B.14; 61B.15; and 61B.16.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

REINSURANCE

Section 1. Minnesota Statutes 1990, section 60A.09, subdivision 5, is amended to read:

Subd. 5. [REINSURANCE.] (1) [DEFINITIONS.] For the purposes of this subdivision, the word "insurer" shall be deemed to include the word "reinsurer," and the words "issue policies of insurance" shall be deemed to include the words "make contracts of reinsurance."

(2) ~~[CONDITIONS AND REQUIREMENTS.] Every insurer authorized to issue policies in this state may reinsure in any other insurer any part or all of any risk or risks assumed by it; but such reinsurance, unless effected (1) with an insurer authorized to issue policies in this state, or (2) with an insurer similarly authorized in another state, territory, or district of the United States, and showing the same standards of solvency and meeting the same statutory and departmental rules which would be required of or prescribed for such insurer were it at the time of such reinsurance authorized in this state to issue policies covering risks of the same kind or kinds as those reinsured, shall not reduce the reserve or other liability to be charged to the ceding insurer; provided, that nothing in this subdivision shall be construed to permit to a ceding insurer any reduction of reserve or liability through reinsurance effected with an unauthorized insurer. In case such reinsurance effected with an insurer so authorized or so recognized for reinsurance in this state, the ceding insurer shall thereafter be charged on the gross premium basis with an unearned premium liability representing the proportion of such obligation retained by it, and the insurer to which the business is ceded shall be charged with an unearned premium liability representing the proportion of such obligation ceded to it, calculated in the same way. The two parties to the transaction shall together carry the same reserve as the ceding insurer would have carried had it retained the risk.~~

~~(3)~~ [REINSURANCE OF MORE THAN ~~75~~ 50 PERCENT OF INSURANCE LIABILITIES.] Any contract of reinsurance whereby an insurer cedes more than ~~75~~ 50 percent of the total of its outstanding insurance liabilities shall, if such insurer is incorporated by or, if an insurer of a foreign country, has its principal office in this state, be subject to the approval, in writing, by the commissioner.

~~(4)~~ (3) [ACTUAL UNEARNED PREMIUM RESERVE TO BE CARRIED AS LIABILITY.] Nothing in this subdivision shall be deemed to permit the ceding insurer to receive, through the cession of the whole of any risk or risks, any advantage in respect to its unearned premium reserve that would reduce the same below the actual amount thereof.

~~(5)~~ (4) [AIRCRAFT RISKS.] An insurer authorized to transact the business specified in section 60A.06, subdivision 1, clauses (4) and (5)(a), may through reinsurance assume any risk arising from, related to, or incident to the manufacture, ownership, or operation of aircraft and may retrocede any portion thereof; provided, however, that no insurer may undertake any such reinsurance business without the prior approval of the commissioner and such reinsurance business shall be subject to any regulations which may be promulgated by the commissioner. Any such reinsurance business may be provided through pooling arrangements with other insurers for purposes of spreading the insurance risk.

Sec. 2. [60A.091] [CREDIT ALLOWED A DOMESTIC CEDING INSURER.]

Subdivision 1. [GENERALLY.] Credit for reinsurance shall be allowed a domestic ceding insurer as either an asset or a deduction from liability on account of reinsurance ceded only when the requirements of subdivisions 2 to 6 are met.

Subd. 2. [ASSUMING INSURER IS LICENSED OR ACCREDITED IN THIS STATE.] Credit shall be allowed if the reinsurance is ceded to an assuming insurer that is licensed to transact insurance or reinsurance in this state, or the reinsurance is ceded to an assuming insurer that is accredited as a reinsurer in this state. An accredited reinsurer is one that:

(1) files with the commissioner evidence of its submission to this state's jurisdiction;

(2) submits to this state's authority to examine its books and records;

(3) is licensed to transact insurance or reinsurance in at least one state, or in the case of a United States branch of an alien assuming insurer is entered through and licensed to transact insurance or reinsurance in at least one state;

(4) files annually with the commissioner a copy of its annual statement filed with the insurance department of its state of domicile and a copy of its most recent audited financial statement; and

(5) maintains a surplus as regards policyholders in an amount not less than $20,000,000 and whose accreditation has not been denied by the commissioner within 90 days of its submission, or for companies with a surplus as regards policyholders in an amount less than $20,000,000 and whose accreditation has been approved by the commissioner.

No credit shall be allowed a domestic ceding insurer if the assuming insurer's accreditation has been revoked by the commissioner after notice and hearing.

Clause (5) does not apply to reinsurance ceded and assumed pursuant to pooling arrangements among insurers in the same holding company system.

Subd. 3. [ASSUMING INSURER IS OTHERWISE REGULATED.] Credit shall be allowed if the reinsurance is ceded to an assuming insurer that is domiciled and licensed in, or in the case of a United States branch of an alien assuming insurer is entered through, a state which employs standards regarding credit for reinsurance substantially similar to those applicable under this chapter and the assuming insurer or United States branch of an alien assuming insurer: (1) maintains a surplus as regards policyholders in an amount not less than $20,000,000; and (2) submits to the authority of this state to examine its books and records.

Clause (1) does not apply to reinsurance ceded and assumed pursuant to pooling arrangements among insurers in the same holding company system.

Subd. 4. [ASSUMING INSURER MAINTAINS TRUST FUND.] (a) Credit shall be allowed if the reinsurance is ceded to an assuming insurer that maintains a trust fund in a qualified United States financial institution, as defined in section 4, for the payment of the valid claims of its United States policyholders and ceding insurers, their assigns and successors in interest. The assuming insurer shall report annually to the commissioner information substantially the same as that required to be reported on the National Association of Insurance Commissioners annual statement form by licensed insurers to enable the commissioner to determine the sufficiency of the trust fund. In the case of a single assuming insurer, the trust shall consist of a trusteed account representing the assuming insurer's liabilities attributable to business written in the United States and, in addition, the assuming insurer shall maintain a trusteed surplus of not less than $20,000,000. In the case of a group of individual unincorporated underwriters, the trust shall consist of a trusteed account representing the group's liabilities attributable to business written in the United States and, in addition, the group shall maintain a trusteed surplus of which $100,000,000 shall be held jointly for the benefit of United States ceding insurers of any member of the group. The group shall make available to the

commissioner an annual certification by the group's domiciliary regulator and its independent public accountants of the solvency of each underwriter.

(b) In the case of a group of incorporated insurers under common administration that complies with the filing requirements contained in the previous paragraph, and under the supervision of the Department of Trade and Industry of the United Kingdom and submit to this state's authority to examine its books and records and bear the expense of the examination, with aggregate policyholders' surplus of $10,000,000,000; the trust shall be in an amount equal to the group's several liabilities attributable to business written in the United States plus maintain a joint trusteed surplus of which $100,000,000 shall be held jointly for the benefit of United States ceding insurers of any member of the group, and each member of the group shall make available to the commissioner an annual certification by the member's domiciliary regulator and its independent accountant of the member's solvency.

(c) The trust shall be established in a form approved by the commissioner of commerce. The trust instrument shall provide that contested claims shall be valid and enforceable upon the final order of any court of competent jurisdiction in the United States. The trust shall vest legal title to its assets in the trustees of the trust for its United States policyholders and ceding insurers, their assigns and successors in interest. The trust and the assuming insurer shall be subject to examination as determined by the commissioner. The trust described in this paragraph must remain in effect for as long as the assuming insurer shall have outstanding obligations due under the reinsurance agreements subject to the trust.

(d) No later than February 28 of each year the trustees of the trust shall report to the commissioner in writing setting forth the balance of the trust and listing the trust's investments at the preceding year end and shall certify the date of termination of the trust, if so planned, or certify that the trust shall not expire before the next following December 31.

Subd. 5. [REQUIRED COVERAGE.] Credit shall be allowed if the reinsurance is ceded to an assuming insurer not meeting the requirements of subdivisions 2 to 4 but only with respect to the insurance of risks located in jurisdictions where the reinsurance is required by applicable law or regulation of that jurisdiction.

Subd. 6. [ADDITIONAL REQUIREMENTS FOR ASSUMING INSURER NOT LICENSED OR ACCREDITED.] If the assuming insurer is not licensed or accredited to transact insurance or reinsurance in this state, the credit permitted by subdivisions 3 and 4 shall not be allowed unless the assuming insurer agrees in the reinsurance agreements:

(1) that in the event of the failure of the assuming insurer to perform its obligations under the terms of the reinsurance agreement, the assuming insurer, at the request of the ceding insurer, shall submit to the jurisdiction of any court of competent jurisdiction in any state of the United States, comply with all requirements necessary to give the court jurisdiction, and abide by the final decision of the court or of any appellate court in the event of an appeal; and

(2) to designate the commissioner or a designated attorney as its true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of the ceding company.

This subdivision is not intended to conflict with or override the obligation of the parties to a reinsurance agreement to arbitrate their disputes, if such an obligation is created in the agreement.

Sec. 3. [60A.092] [REDUCTION FROM LIABILITY FOR REINSURANCE CEDED BY A DOMESTIC INSURER TO AN ASSUMING INSURER.]

A reduction from liability for the reinsurance ceded by a domestic insurer to an assuming insurer not meeting the requirements of section 2 shall be allowed in an amount not exceeding the liabilities carried by the ceding insurer. The reduction shall be in the amount of funds held by or on behalf of the ceding insurer, including funds held in trust for the ceding insurer, under a reinsurance contract with the assuming insurer as security for the payment of obligations under the contract if the security is held in the United States subject to withdrawal solely by, and under the exclusive control of, the ceding insurer; or, in the case of a trust, held in a qualified United States financial institution, as defined in section 4, paragraph (b). This security may be any form of security acceptable to the commissioner or in the form of:

(1) cash;

(2) securities listed by the securities valuation office of the National Association of Insurance Commissioners and qualifying as admitted assets; or

(3) clean, irrevocable, unconditional letters of credit, as defined in section 4, paragraph (a), issued or confirmed by a qualified United States institution no later than December 31 in respect of the year for which filing is being made, and in the possession of the ceding company on or before the filing date of its annual statement.

Letters of credit meeting applicable standards of issuer acceptability as of the dates of their issuance or confirmation shall,

notwithstanding the issuing or confirming institution's subsequent failure to meet applicable standards of issuer acceptability, continue to be acceptable as security until their expiration, extension, renewal, modification, or amendment, whichever occurs first.

Sec. 4. [60A.093] [QUALIFIED UNITED STATES FINANCIAL INSTITUTION.]

(a) For purposes of section 3, clause (3), a "qualified United States financial institution" means an institution that:

(1) is organized or, in the case of a United States office of a foreign banking organization, licensed, under the laws of the United States or any state;

(2) is regulated, supervised, and examined by federal or state authorities having regulatory authority over banks and trust companies; and

(3) has been determined by either the commissioner, or the securities valuation office of the National Association of Insurance Commissioners, to meet the standards of financial condition and standing considered necessary and appropriate to regulate the quality of financial institutions whose letters of credit will be acceptable to the commissioner.

(b) "Qualified United States financial institution" means, for purposes of those provisions of this article specifying those institutions that are eligible to act as fiduciary of a trust, an institution that:

(1) is organized or, in the case of a United States branch or agency office of a foreign banking organization, licensed, under the laws of the United States or any state and has been granted authority to operate with fiduciary powers; and

(2) is regulated, supervised, and examined by federal or state authorities having regulatory authority over banks and trust companies.

Sec. 5. [60A.094] [RULES.]

The commissioner may adopt rules implementing the provisions of this article.

Sec. 6. [60A.095] [REINSURANCE AGREEMENTS AFFECTED.]

Sections 1 to 4 apply to all cessions after the effective date of this article under reinsurance agreements that have had an inception,

anniversary, or renewal date not less than six months after the effective date of this article.

Sec. 7. [REPEALER.]

Minnesota Statutes 1990, section 60A.09, subdivision 4, is repealed.

ARTICLE 2

ADMINISTRATIVE SUPERVISION MODEL ACT

Section 1. [60H.01] [DEFINITIONS.]

Subdivision 1. [TERMS.] For purposes of this article, the terms defined in this section have the meanings given them.

Subd. 2. [INSURER.] "Insurer" means a person engaged as indemnitor, surety, or contractor in the business of entering into contracts of insurance or of annuities as limited to:

(1) an insurer who is doing an insurer business, or has transacted insurance in this state, and against whom claims arising from that transaction may exist now or in the future;

(2) fraternal benefit societies subject to chapter 64B;

(3) nonprofit health service plan corporations subject to chapter 62C;

(4) cooperative life and casualty companies subject to sections 61A.39 to 61A.52;

(5) health maintenance organizations regulated under chapter 62D.

Subd. 3. [EXCEEDED ITS POWERS.] "Exceeded its powers" means the following conditions:

(1) the insurer has refused to permit examination of its books, papers, accounts, records, or affairs by the commissioner, the commissioner's deputies, employees, or duly commissioned examiners;

(2) a domestic insurer has unlawfully removed from this state books, papers, accounts, or records necessary for an examination of the insurer;

(3) the insurer has failed to promptly comply with the applicable financial reporting statutes or rules and departmental requests relating to them;

(4) the insurer has neglected or refused to observe an order of the commissioner to make good, within the time prescribed by law, any prohibited deficiency in its capital, capital stock, or surplus;

(5) the insurer is continuing to transact insurance or write business after its license has been revoked or suspended by the commissioner;

(6) the insurer, by contract or otherwise, has unlawfully or has in violation of an order of the commissioner or has without first having obtained written approval of the commissioner if approval is required by law:

(i) totally reinsured its entire outstanding business, or

(ii) merged or consolidated substantially its entire property or business with another insurer;

(7) the insurer engaged in any transaction in which it is not authorized to engage under the laws of this state;

(8) the insurer refused to comply with a lawful order of the commissioner.

Subd. 4. [CONSENT.] "Consent" means agreement to administrative supervision by the insurer.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.

Subd. 6. [DEPARTMENT.] "Department" means the department of commerce.

Sec. 2. [60H.02] [NOTICE TO COMPLY WITH WRITTEN REQUIREMENTS OF COMMISSIONER; NONCOMPLIANCE; ADMINISTRATIVE SUPERVISION.]

Subdivision 1. [COMMISSIONER'S DETERMINATION.] An insurer may be subject to administrative supervision by the commissioner if upon examination or at any other time it appears in the commissioner's discretion that:

(1) the insurer's condition renders the continuance of its business hazardous to the public or to its insureds;

(2) the insurer has or appears to have exceeded its powers granted under its certificate of authority and applicable law;

(3) the insurer has failed to comply with the applicable provisions of the insurance laws;

(4) the business of the insurer is being conducted fraudulently; or

(5) the insurer gives its consent.

Subd. 2. [COMMISSIONER'S POWERS.] If the commissioner determines that the conditions set forth in subdivision 1 exist, the commissioner may:

(1) notify the insurer of the commissioner's determination;

(2) furnish to the insurer a written list of the requirements to abate this determination; and

(3) notify the insurer that it is under the supervision of the commissioner and that the commissioner is applying and effectuating the provisions of this article. This action by the commissioner is subject to review pursuant to chapter 14.

Subd. 3. [INSURER COMPLIANCE.] If placed under administrative supervision, the insurer has 60 days, or another period of time as designated by the commissioner, to comply with the requirements of the commissioner subject to the provisions of this article.

Subd. 4. [EXTENSION OF SUPERVISION.] If it is determined after notice and hearing that the conditions giving rise to the supervision still exist at the end of the supervision period specified in subdivision 3, the commissioner may extend this period.

Subd. 5. [RELEASE FROM SUPERVISION.] If it is determined that none of the conditions giving rise to the supervision exist, the commissioner shall release the insurer from supervision.

Sec. 3. [60H.03] [CONFIDENTIALITY OF CERTAIN PROCEEDINGS AND RECORDS.]

Subdivision 1. [GENERALLY.] Notwithstanding any other law to the contrary, proceedings, hearings, notices, correspondence, reports, records, and other information in the possession of the commissioner or the department relating to the supervision of any insurer are confidential except as provided by this section.

Subd. 2. [DEPARTMENT ACCESS.] The personnel of the department shall have access to these proceedings, hearings, notices,

correspondence, reports, records, or information as permitted by the commissioner.

Subd. 3. [EXCEPTIONS.] The commissioner may open the proceedings or hearings or disclose the notices, correspondence, reports, records, or information to a department, agency, or instrumentality of this or another state or the United States if the commissioner determines that the disclosure is necessary or proper for the enforcement of the laws of this or another state of the United States.

The commissioner may open the proceedings or hearings or make public the notices, correspondence, reports, records, or other information if the commissioner considers that it is in the best interest of the public or in the best interest of the insurer, its insureds, creditors, or the general public.

Subd. 4. [PROCEEDINGS AND RECORDS OBTAINED BY COURT.] This section does not apply to hearings, notices, correspondence, reports, records, or other information obtained upon the appointment of a receiver for the insurer by a court of competent jurisdiction.

Sec. 4. [60H.04] [PROHIBITED ACTS DURING PERIOD OF SUPERVISION.]

During the period of supervision, the commissioner shall serve as the administrative supervisor. The commissioner may provide that the insurer may not do any of the following things during the period of supervision, without the prior approval of the commissioner:

(1) dispose of, convey, or encumber any of its assets or its business in force;

(2) withdraw any of its bank accounts;

(3) lend any of its funds;

(4) invest any of its funds;

(5) transfer any of its property;

(6) incur any debt, obligation, or liability;

(7) merge or consolidate with another company;

(8) approve new premiums or renew any policies;

(9) enter into any new reinsurance contract or treaty;

(10) terminate, surrender, forfeit, convert, or lapse any insurance policy, certificate, or contract, except for nonpayment of premiums due;

(11) release, pay, or refund premium deposits, accrued cash or loan values, unearned premiums, or other reserves on any insurance policy, certificate, or contract;

(12) make any material change in management; or

(13) increase salaries and benefits of officers or directors or the preferential payment of bonuses, dividends, or other payments considered preferential.

Sec. 5. [60H.05] [REVIEW AND STAY OF ACTION.]

During the period of supervision the insurer may contest an action taken or proposed to be taken by the commissioner specifying the manner wherein the action being complained of would be detrimental to the condition of the insurer. Denial of the insurer's request upon reconsideration entitles the insurer to request a proceeding under chapter 14.

Sec. 6. [60H.06] [ADMINISTRATIVE ELECTION OF PROCEEDINGS.]

Nothing in this article precludes the commissioner from initiating judicial proceedings to place an insurer in rehabilitation or liquidation proceedings, under the laws of this state, regardless of whether the commissioner has previously initiated administrative supervision proceedings under this article against the insurer.

Sec. 7. [60H.07] [RULES.]

The commissioner may adopt rules necessary for the implementation of this article.

Sec. 8. [60H.08] [IMMUNITY.]

There shall be no liability on the part of, and no cause of action of any nature shall arise against, the commissioner or the department or its employees or agents for any action taken by them in the performance of their powers and duties under this article.

ARTICLE 3

STANDARDS AND COMMISSIONER'S AUTHORITY FOR COMPANIES CONSIDERED TO BE IN HAZARDOUS FINANCIAL CONDITION

Section 1. [60H.21] [PURPOSE.]

The purpose of this article is to set forth the standards which the commissioner may use for identifying insurers found to be in such condition as to render the continuance of their business hazardous to the public or to holders of their policies or certificates of insurance.

This article shall not be interpreted to limit the powers granted the commissioner by any other laws or parts of laws of this state, nor shall this chapter be interpreted to supersede any other laws or parts of laws of this state.

Sec. 2. [60H.22] [STANDARDS.]

The following standards, either singly or a combination of two or more, may be considered by the commissioner to determine whether the continued operation of any insurer, whether domestic, foreign, or alien, transacting an insurance business in this state might be considered to be hazardous to the policyholders, creditors or the general public. The commissioner may consider:

(1) adverse finding reported in financial condition and market conduct examination reports;

(2) the National Association of Insurance Commissioners Insurance Regulatory Information System and its related reports;

(3) the ratios of commission expense, general insurance expense, policy benefits, and reserve increases as to annual premium and net investment income which could lead to an impairment of capital and surplus;

(4) whether the insurer's asset portfolio when viewed in light of current economic conditions is of sufficient value, liquidity, or diversity to assure the company's ability to meet its outstanding obligations as they mature;

(5) the ability of an assuming reinsurer to perform and whether the insurer's reinsurance program provides sufficient protection for the company's remaining surplus after taking into account the insurer's cash flow and the classes of business written as well as the financial condition of the assuming reinsurer;

(6) whether the insurer's operating loss in the last 12-month

period or any shorter period of time, including, but not limited to, net capital gain or loss, change in nonadmitted assets, and cash dividends paid to shareholders, is greater than 50 percent of the insurer's remaining surplus as regards policyholders in excess of the minimum required;

(7) whether any affiliate, subsidiary, or reinsurer is insolvent, threatened with insolvency, or delinquent in payment of its monetary or other obligation;

(8) whether contingent liabilities, pledges, or guaranties which either individually or collectively involve a total amount which in the opinion of the commissioner may affect the solvency of the insurer;

(9) whether any "controlling person" of an insurer is delinquent in the transmitting to, or payment of, net premiums to the insurer;

(10) the age and collectability of receivables;

(11) whether the management of an insurer, including officers, directors, or any other person who directly or indirectly controls the operation of the insurer, fails to possess and demonstrate the competence, fitness, and reputation considered necessary to serve the insurer in this position;

(12) whether management of an insurer has failed to respond to inquiries relative to the condition of the insurer or has furnished false and misleading information concerning an inquiry;

(13) whether management of an insurer either has filed a false or misleading sworn financial statement, or has released a false or misleading financial statement to lending institutions or to the general public, or has made a false or misleading entry, or has omitted an entry of material amount in the books of the insurer;

(14) whether the insurer has grown so rapidly and to such an extent that it lacks adequate financial and administrative capacity to meet its obligations in a timely manner; or

(15) whether the company has experienced or will experience in the foreseeable future cash flow or liquidity problems.

Sec. 3. [60H.23] [COMMISSIONER'S AUTHORITY.]

Subdivision 1. [DETERMINATION OF FINANCIAL CONDITION.] For the purposes of making a determination of an insurer's financial condition under this chapter, the commissioner may:

(1) disregard any credit or amount receivable resulting from transactions with a reinsurer which is insolvent, impaired, or otherwise subject to a delinquency proceeding;

(2) make appropriate adjustments to asset values attributable to investments in or transactions with parents, subsidiaries, or affiliates;

(3) refuse to recognize the stated value of accounts receivable if the ability to collect receivables is highly speculative in view of the age of the account or the financial condition of the debtor; or

(4) increase the insurer's liability in an amount equal to any contingent liability, pledge, or guarantee not otherwise included if there is a substantial risk that the insurer will be called upon to meet the obligation undertaken within the next 12-month period.

Subd. 2. [COMMISSIONER'S ORDER.] If the commissioner determines that the continued operation of the insurer licensed to transact business in this state may be hazardous to the policyholders or the general public, then the commissioner may, upon the commissioner's determination, issue an order requiring the insurer to:

(1) reduce the total amount of present and potential liability for policy benefits by reinsurance;

(2) reduce, suspend, or limit the volume of business being accepted or renewed;

(3) reduce general insurance and commission expenses by specified methods;

(4) increase the insurer's capital and surplus;

(5) suspend or limit the declaration and payment of dividend by an insurer to its stockholders or to its policyholders;

(6) file reports in a form acceptable to the commissioner concerning the market value of an insurer's assets;

(7) limit or withdraw from certain investments or discontinue certain investment practices to the extent the commissioner considers necessary;

(8) document the adequacy of premium rates in relation to the risks insured; or

(9) file, in addition to regular annual statements, interim financial reports on the form adopted by the National Association of

Insurance Commissioners or in the format adopted by the commissioner.

Subd. 3. [HEARING.] An insurer subject to an order under subdivision 2 may request a hearing pursuant to chapter 14 to review that order. The commissioner shall hold all hearings under this paragraph privately.

Sec. 4. [60H.24] [JUDICIAL REVIEW.]

An order or decision of the commissioner is subject to review in accordance with chapter 14 at the instance of any party to the proceedings whose interests are substantially affected.

ARTICLE 4

MANAGING GENERAL AGENTS

Section 1. [60I.01] [TITLE.]

Sections 60I.01 to 60I.10 may be cited as the managing general agents act.

Sec. 2. [60I.02] [DEFINITIONS.]

Subdivision 1. [TERMS.] For purposes of sections 60I.01 to 60I.10, the terms defined in this section have the meanings given them.

Subd. 2. [ACTUARY.] "Actuary" means a person who is a member in good standing of the American Academy of Actuaries.

Subd. 3. [INSURER.] "Insurer" means a person, firm, association, or corporation duly licensed in this state as an insurance company.

Subd. 4. [MANAGING GENERAL AGENT.] (a) "Managing general agent" means a person, firm, association, or corporation who negotiates and binds ceding reinsurance contracts on behalf of an insurer or manages all or part of the insurance business of an insurer, including the management of a separate division, department, or underwriting office, and acts as an agent for that insurer whether known as a managing general agent, manager, or other similar term, who, with or without the authority, either separately or together with affiliates, produces, directly or indirectly, and underwrites an amount of gross direct written premium equal to or more than five percent of the policyholder surplus as reported in the last annual statement of the insurer in any one quarter or year together with one or more of the following: (1) adjusts or pays claims in excess of an amount determined by the commissioner; or (2) negotiates reinsurance on behalf of the insurer.

(b) Notwithstanding paragraph (a), the following persons shall not be considered as managing general agents for the purposes of sections 60I.01 to 60I.10:

(1) an employee of the insurer;

(2) a United States manager of the United States branch of an alien insurer;

(3) an underwriting manager that, pursuant to contract, manages all the insurance or reinsurance operation of the insurer, is under common control with the insurer, subject to the insurance holding company act, chapter 60D, and whose compensation is not based on the volume of premiums written; or

(4) an attorney in fact authorized by, and acting for, the subscribers of a reciprocal insurer or interinsurance exchange under powers of attorney.

Subd. 5. [UNDERWRITE.] "Underwrite" means the authority to accept or reject risk on behalf of the insurer.

Sec. 3. [60I.03] [LICENSE.]

Subdivision 1. [REQUIRED.] (a) No person, firm, association, or corporation shall act in the capacity of a managing general agent with respect to risks located in this state for an insurer licensed in this state unless the person is a licensed producer in this state.

(b) No person, firm, association, or corporation shall act in the capacity of a managing general agent representing an insurer domiciled in this state with respect to risks located outside this state unless the person is licensed as a producer in this state pursuant to sections 60I.01 to 60I.10. The license may be a nonresident license.

Subd. 2. [BOND.] The commissioner of commerce may require a bond in an amount acceptable for the protection of the insurer.

Subd. 3. [ERRORS AND OMISSIONS INSURANCE.] The commissioner of commerce may require the managing general agent to maintain an errors and omissions policy.

Sec. 4. [60I.04] [REQUIRED CONTRACT PROVISIONS.]

Subdivision 1. [GENERALLY.] No person, firm, association, or corporation acting in the capacity of a managing general agent shall place business with an insurer unless there is in force a written contract between the parties that sets forth the responsibilities of each party and where both parties share responsibility for a partic-

ular function, specifies the division of responsibilities, and that contains the *minimum* provisions in subdivisions 2 to 12.

Subd. 2. [TERMINATIONS.] The insurer may terminate the contract for cause upon written notice to the managing general agent. The insurer may suspend the underwriting authority of the managing general agent during the pendency of any dispute regarding the cause for termination.

Subd. 3. [PERIODIC ACCOUNTING.] The managing general agent will render accounts to the insurer detailing all transactions and remit all funds due under the contract to the insurer *on not* less than a monthly basis.

Subd. 4. [HANDLING OF FUNDS.] All funds collected for the account of an insurer will be held by the managing general agent in a fiduciary capacity in a bank which is a member of the Federal Reserve System. This account shall be used for all payments on behalf of the insurer. The managing general agent may retain no more than three months estimated claims payments and allocated loss adjustment expenses. A managing general agent shall deposit only trust funds in a trust account and shall not commingle personal funds or other funds in a trust account, except that a managing general agent may deposit and maintain a sum in a trust account from personal funds, which sum shall be specifically identified and used to pay service charges or satisfy the minimum balance requirements relating to the trust account.

Subd. 5. [BUSINESS RECORDS.] Separate records of business written by the managing general agent will be maintained. The insurer shall have access and right to copy all accounts and records related to its business in a form usable by the insurer, and the commissioner shall have access to all books, bank accounts, and records of the managing general agent in a form usable to the commissioner. The records shall be retained on a basis acceptable to the commissioner.

Subd. 6. [NONASSIGNMENT OF CONTRACT.] The contract may not be assigned in whole or part by the managing general agent.

Subd. 7. [UNDERWRITING GUIDELINES.] Appropriate underwriting guidelines will be followed, including:

(1) the maximum annual premium volume;

(2) the basis of the rates to be charged;

(3) the types of risks that may be written;

(4) *maximum* limits of liability;

(5) applicable exclusions;

(6) territorial limitations;

(7) policy cancellation provisions; and

(8) the maximum policy period.

The insurer shall have the right to cancel or nonrenew any policy of insurance subject to the applicable laws and rules concerning the cancellation and nonrenewal of insurance policies.

Subd. 8. [CLAIMS SETTLEMENT.] If the contract permits the managing general agent to settle claims on behalf of the insurer:

(1) all claims must be reported to the company in a timely manner;

(2) a copy of the claim file will be sent to the insurer at its request or as soon as it becomes known that the claim:

(i) has the potential to exceed an amount determined by the commissioner or exceeds the limit set by the company, whichever is less;

(ii) involves a coverage dispute;

(iii) may exceed the managing general agent's claim settlement authority;

(iv) is open for more than six months; or

(v) is closed by payment of an amount set by the commissioner or an amount set by the company, whichever is less;

(3) all claim files will be the joint property of the insurer and managing general agent. However, upon an order of liquidation of the insurer, the files shall become the sole property of the insurer or its estate. The managing general agent shall have reasonable access to and the right to copy the files on a timely basis; and

(4) settlement authority granted to the managing general agent may be terminated for cause upon the insurer's written notice to the managing general agent or upon the termination of the contract. The insurer may suspend the settlement authority during the pendency of any dispute regarding the cause for termination.

Subd. 9. [TRANSMISSION OF ELECTRONIC CLAIMS DATA.]

Where electronic claims files are in existence, the contract must address the timely transmission of the data.

Subd. 10. [INTERIM PROFITS.] If the contract provides for a sharing of interim profits by the managing general agent, and the managing general agent has the authority to determine the amount of the interim profits by establishing loss reserves or controlling claim payments, or in any other manner, interim profits will not be paid to the managing general agent until one year after they are earned for property insurance business and five years after they are earned on casualty business and not until the profits have been verified pursuant to section 60I.05.

Subd. 11. [AGENT PRACTICES.] The managing general agent shall not:

(1) bind reinsurance or retrocessions on behalf of the insurer, except that the managing general agent may bind facultative reinsurance contracts pursuant to obligatory facultative agreements if the contract with the insurer contains reinsurance underwriting guidelines including, for both reinsurance assumed and ceded, a list of reinsurers with which these automatic agreements are in effect, the coverage and amounts or percentages that may be reinsured, and commission schedules;

(2) commit the insurer to participate in insurance or reinsurance syndicates;

(3) appoint any producer without assuring that the producer is lawfully licensed to transact the type of insurance for which that person is appointed;

(4) without prior approval of the insurer, pay or commit the insurer to pay a claim over a specified amount, net of reinsurance, which shall not exceed one percent of the insurer's policyholder's surplus as of December 31 of the last completed calendar year;

(5) without prior approval of the insurer, collect any payment from a reinsurer or commit the insurer to any claim settlement with a reinsurer. If prior approval is given, a report must be promptly forwarded to the insurer;

(6) permit its subproducer to serve on the insurer's board of directors;

(7) jointly employ an individual who is employed with the insurer; or

(8) appoint a submanaging general agent.

Subd. 12. [CONTRACT TERM.] The contract term may not be for an unreasonable period of time, but in no circumstance may the term exceed five years.

Sec. 5. [60I.05] [DUTIES OF INSURERS.]

Subdivision 1. [FINANCIAL EXAMINATION OF AGENT.] The insurer shall have on file an independent financial examination, in a form acceptable to the commissioner of commerce, of each managing general agent with which it has done business.

Subd. 2. [ACTUARIAL OPINION ON LOSS RESERVES.] If a managing general agent establishes loss reserves, the insurer shall annually obtain the opinion of an actuary not employed by the insurer or by the managing general agent attesting to the adequacy of loss reserves established for losses incurred and outstanding on business produced by the managing general agent. This is in addition to any other required loss reserve certification.

Subd. 3. [UNDERWRITING AND CLAIMS PROCESSING REVIEW.] The insurer shall periodically, at least semiannually, conduct an on-site review of the underwriting and claims processing operation of the managing general agent and maintain on its records the results of that review.

Subd. 4. [BINDING AUTHORITY.] Binding authority for all reinsurance contracts or participation in insurance or reinsurance syndicates shall rest with an officer of the insurer, who shall not be affiliated with the managing general agent.

Subd. 5. [NOTIFICATION OF APPOINTMENT OR TERMINATION.] Within 30 days of entering into or termination of a contract with a managing general agent, the insurer shall provide written notification of the appointment or termination to the commissioner. Notices of appointment of a managing general agent shall include a statement of duties which the applicant is expected to perform on behalf of the insurer, the lines of insurance for which the applicant is to be authorized to act, and any other information the commissioner may request.

Subd. 6. [REVIEW OF PRODUCERS.] An insurer shall review its books and records each quarter to determine if any producer has become, by operation of section 1, subdivision 4, a managing general agent as defined in that section. If the insurer determines that a producer has become a managing general agent, the insurer shall promptly notify the producer and the commissioner of the determination and the insurer and producer must fully comply with the provisions of this chapter with 30 days.

Subd. 7. [APPOINTMENTS TO BOARD.] An insurer shall not

appoint to its board of directors an officer, director, employee, subproducer, or controlling shareholder of its managing general agents. This subdivision does not apply to relationships governed by the insurance holding company act, chapter 60D or, if applicable, the producer controlled property/casualty insurer act, article 13.

Sec. 6. [60I.06] [EXAMINATION AUTHORITY.]

A managing general agent may be examined as if it were the insurer.

Sec. 7. [60I.07] [ACTS OF MANAGING GENERAL AGENT.]

The acts of the managing general agent are considered to be the acts of the insurer on whose behalf it is acting.

Sec. 8. [60I.08] [PENALTIES AND LIABILITIES.]

Subdivision 1. [GENERALLY.] If the commissioner finds pursuant to the procedural requirements of section 45.027 that any person has violated any provision or provisions of this article, the commissioner may take any action granted to the commissioner by that section.

Subd. 2. [CIVIL PENALTY AND REIMBURSEMENT ORDER.] In addition to authority granted by section 45.027 for each separate violation, the commissioner may impose a penalty up to $5,000 and order the managing general agent to reimburse the insurer, rehabilitator, or liquidator of the insurer for any losses incurred by the insurer caused by a violation of this article committed by the managing general agent.

Subd. 3. [JUDICIAL REVIEW.] The decision, determination, or order of the commissioner pursuant to subdivision 1, is subject to judicial review pursuant to chapter 14.

Subd. 4. [OTHER PENALTIES.] Nothing contained in this section shall affect the right of the commissioner to impose any other penalties provided for by law.

Sec. 9. [60I.09] [SCOPE.]

Nothing contained in this article is intended to or shall in any manner limit or restrict the rights of policyholders, claimants, and auditors.

Sec. 10. [60I.10] [RULES.]

The commissioner of commerce may adopt rules for the implementation and administration of sections 60I.01 to 60I.10.

Sec. 11. [REPEALER.]

Minnesota Statutes 1990, section 60A.076, is repealed.

Sec. 12. [EFFECTIVE DATE.]

Sections 60I.01 to 60I.10 are effective August 1, 1991. No insurer may continue to utilize the services of a managing general agent on and after that date unless the utilization is in compliance with this article.

ARTICLE 5

LIFE AND HEALTH GUARANTY ASSOCIATION

Section 1. Minnesota Statutes 1990, section 60B.25, is amended to read:

60B.25 [POWERS OF LIQUIDATOR.]

The liquidator shall report to the court monthly, or at other intervals specified by the court, on the progress of the liquidation in whatever detail the court orders. The liquidator shall coordinate activities with those of each guaranty association having an interest in the liquidation and shall submit a report detailing how coordination will be achieved to the court for its approval within 30 days following appointment, or within the time which the court, in its discretion, may establish. Subject to the court's control, the liquidator may:

(1) Appoint a special deputy to act under sections 60B.01 to 60B.61 and determine the deputy's compensation. The special deputy shall have all powers of the liquidator granted by this section. The special deputy shall serve at the pleasure of the liquidator.

(2) Appoint or engage employees and agents, actuaries, accountants, appraisers, consultants, and other personnel deemed necessary to assist in the liquidation without regard to chapter 14.

(3) Fix the compensation of persons under clause (2), subject to the control of the court.

(4) Defray all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of the insurer. If the property of the insurer does not contain sufficient cash or liquid assets to defray the costs incurred, the liquidator may advance the costs so incurred out of the appropriation made to the department of commerce. Any amounts so paid shall be deemed expense of administration and shall be repaid

for the credit of the department of commerce out of the first available money of the insurer.

(5) Hold hearings, subpoena witnesses and compel their attendance, administer oaths, examine any person under oath and compel any person to subscribe to testimony after it has been correctly reduced to writing, and in connection therewith require the production of any books, papers, records, or other documents which the liquidator deems relevant to the inquiry.

(6) Collect all debts and money due and claims belonging to the insurer, wherever located, and for this purpose institute timely action in other jurisdictions, in order to forestall garnishment and attachment proceedings against such debts; do such other acts as are necessary or expedient to collect, conserve, or protect its assets or property, including sell, compound, compromise, or assign for purposes of collection, upon such terms and conditions as the liquidator deems best, any bad or doubtful debts; and pursue any creditor's remedies available to enforce claims.

(7) Conduct public and private sales of the property of the insurer in a manner prescribed by the court.

(8) Use assets of the estate to transfer coverage obligations to a solvent assuming insurer, if the transfer can be arranged without prejudice to applicable priorities under section 60B.44.

(9) Acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of or deal with any property of the insurer at its market value or upon such terms and conditions as are fair and reasonable, except that no transaction involving property the market value of which exceeds $10,000 shall be concluded without express permission of the court. The liquidator may also execute, acknowledge, and deliver any deeds, assignments, releases, and other instruments necessary or proper to effectuate any sale of property or other transaction in connection with the liquidation. In cases where real property sold by the liquidator is located other than in the county where the liquidation is pending, the liquidator shall cause to be filed with the county recorder for the county in which the property is located a certified copy of the order of appointment.

(10) Borrow money on the security of the insurer's assets or without security and execute and deliver all documents necessary to that transaction for the purpose of facilitating the liquidation.

(11) Enter into such contracts as are necessary to carry out the order to liquidate, and affirm or disallow any contracts to which the insurer is a party.

(12) Continue to prosecute and institute in the name of the insurer

or in the liquidator's own name any suits and other legal proceedings, in this state or elsewhere, and abandon the prosecution of claims the liquidator deems unprofitable to pursue further. If the insurer is dissolved under section 60B.23, the liquidator may apply to any court in this state or elsewhere for leave to be substituted for the insurer as plaintiff.

(13) Prosecute any action which may exist in behalf of the creditors, members, policyholders, or shareholders of the insurer against any officer of the insurer, or any other person.

(14) Remove any records and property of the insurer to the offices of the commissioner or to such other place as is convenient for the purposes of efficient and orderly execution of the liquidation.

(15) Deposit in one or more banks in this state such sums as are required for meeting current administration expenses and dividend distributions.

(16) Deposit with the state board of investment for investment pursuant to section 11A.24, all sums not currently needed, unless the court orders otherwise.

(17) File any necessary documents for record in the office of any county recorder or record office in this state or elsewhere where property of the insurer is located.

(18) Assert all defenses available to the insurer as against third persons, including statutes of limitations, statutes of frauds, and the defense of usury. A waiver of any defense by the insurer after a petition for liquidation has been filed shall not bind the liquidator.

(19) Exercise and enforce all the rights, remedies, and powers of any creditor, shareholder, policyholder, or member, including any power to avoid any transfer or lien that may be given by law and that is not included within sections 60B.30 and 60B.32.

(20) Intervene in any proceeding wherever instituted that might lead to the appointment of a receiver or trustee, and act as the receiver or trustee whenever the appointment is offered.

(21) Enter into agreements with any receiver or commissioner of any other state relating to the rehabilitation, liquidation, conservation, or dissolution of an insurer doing business in both states.

(22) Exercise all powers now held or hereafter conferred upon receivers by the laws of this state not inconsistent with sections 60B.01 to 60B.61.

(23) The enumeration in this section of the powers and authority

of the liquidator is not a limitation, nor does it exclude the right to do such other acts not herein specifically enumerated or otherwise provided for as are necessary or expedient for the accomplishment of or in aid of the purpose of liquidation.

(24) The power of the liquidator of a health maintenance organization includes the power to transfer coverage obligations to a solvent and voluntary health maintenance organization, insurer, or nonprofit health service plan, and to assign provider contracts of the insolvent health maintenance organization to an assuming health maintenance organization, insurer, or nonprofit health service plan permitted to enter into such agreements. The liquidator is not required to meet the notice requirements of section 62D.121. Transferees of coverage obligations or provider contracts shall have no liability to creditors or obligees of the health maintenance organization except those liabilities expressly assumed.

Sec. 2. Minnesota Statutes 1990, section 61B.12, is amended by adding a subdivision to read:

Subd. 6. [NOTICE CONCERNING LIMITATIONS AND EXCLUSIONS.] On and after January 1, 1992, no person, including an insurer, agent, or affiliate of an insurer or agent, shall offer for sale in this state a covered life insurance, annuity, or health insurance policy or contract without delivering at the time of application for that policy or contract a separate notice in the form the commissioner from time to time may approve for use in this state relating to coverage provided by the Minnesota Life and Health Insurance Guaranty Association. The notice must be signed by the applicant and kept on file by the person offering the policy or contract for sale. A copy of the signed notice must be given to the applicant.

Sec. 3. Minnesota Statutes 1990, section 61B.12, is amended by adding a subdivision to read:

Subd. 7. [EFFECT OF NOTICE.] The distribution, delivery, or contents or interpretation of the notice described in subdivision 6 shall not mean that either the policy or contract, or the owner or holder thereof, would be covered in the event of the impairment of a member insurer if coverage is not otherwise provided by this chapter. Failure to receive the notice does not give the policyholder, contract holder, certificate holder, insured, owner, beneficiaries, assignees, or payees any greater rights than those provided by this chapter.

ARTICLE 6

MINNESOTA INSURANCE GUARANTY ASSOCIATION AMENDMENTS

Section 1. Minnesota Statutes 1990, section 60B.37, subdivision 2, is amended to read:

Subd. 2. [EXCUSED LATE FILINGS.] For a good cause shown, the liquidator shall recommend and the court shall permit a claimant making a late filing to share in dividends, whether past or future, as if the claimant were not late, to the extent that any such payment will not prejudice the orderly administration of the liquidation. Good cause includes but is not limited to the following:

(a) That existence of a claim was not known to the claimant and that the claimant filed within 30 days after learning of it;

(b) That a claim for unearned premiums or for cash surrender values or other investment values in life insurance or annuities which was not required to be filed was omitted from the liquidator's recommendations to the court under section 60B.45, and that it was filed within 30 days after the claimant learned of the omission;

(c) That a transfer to a creditor was avoided under sections 60B.30 to 60B.32 or was voluntarily surrendered under section 60B.33, and that the filing satisfies the conditions of section 60B.33;

(d) That valuation under section 60B.43 of security held by a secured creditor shows a deficiency, which is filed within 30 days after the valuation; ~~and~~

(e) That a claim was contingent and became absolute, and was filed within 30 days after it became absolute~~.~~; and

(f) That the claim is for workers' compensation benefits and the time limitations and other requirements of chapter 176 have been met.

Sec. 2. Minnesota Statutes 1990, section 60C.02, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] This chapter applies to all kinds of direct insurance, except life, title, accident and sickness written by life insurance companies, credit, mortgage guaranty, financial guaranty or other forms of insurance offering protection against investment risks, and ocean marine.

Sec. 3. Minnesota Statutes 1990, section 60C.03, subdivision 6, is amended to read:

Subd. 6. "Member insurer" means any person, including reciprocals or interinsurance exchanges operating under chapter 71A, township mutual fire insurance companies operating under sections 67A.01 to 67A.26, and farmers mutual fire insurance companies operating under sections 67A.27 to 67A.39, who (a) writes any kind of insurance not excepted from the scope of Laws 1971, chapter 145 by section 60C.02, and (b) is licensed to transact insurance business

in this state, except any nonprofit service plan incorporated or operating under sections 62C.01 to 62C.23 and any health plan incorporated under chapter 317A, and includes an insurer whose license or certificate of authority in this state may have been suspended, revoked, not renewed, or voluntarily withdrawn.

Sec. 4. Minnesota Statutes 1990, section 60C.03, is amended by adding a subdivision to read:

Subd. 10. "Financial guaranty insurance" includes any insurance under which loss is payable upon proof of occurrence of any of the following events to the damage of an insured claimant or obligee:

(1) failure of any obligor or obligors on any debt instrument or other monetary obligation, including common or preferred stock, to pay when due the principal, interest, dividend or purchase price of such instrument or obligation, whether such failure is the result of a financial default or insolvency and whether or not such obligation is incurred directly or as guarantor by, or on behalf of, another obligor which has also defaulted;

(2) changes in the level of interest rates whether short-term or long-term, or in the difference between interest rates existing in various markets;

(3) changes in the rate of exchange or currency, or from the inconvertibility of one currency into another for any reason; and

(4) changes in the value of specific assets or commodities, or price levels in general.

Sec. 5. Minnesota Statutes 1990, section 60C.04, is amended to read:

60C.04 [CREATION.]

All insurers subject to the provisions of Laws 1971, chapter 145 shall form an organization to be known as the Minnesota insurance guaranty association. All insurers defined as member insurers in section 60C.03, subdivision 6, are and shall remain members of the association as a condition of their authority to transact insurance business or to execute surety bonds in this state. An insurer's membership obligations under this chapter shall survive any merger, consolidation, restructuring, incorporation, or reincorporation. The association shall perform its functions under a plan of operation established and approved under section 60C.07 and shall exercise its powers through a board of directors established under section 60C.08. For purposes of administration and assessment the association shall be divided into five separate accounts: (1) the automobile insurance account, (2) the township mutuals account, (3)

the fidelity and surety bond account, (4) the account for all other insurance to which ~~Laws 1971,~~ this chapter ~~145~~ applies, and (5) the workers' compensation insurance account.

Sec. 6. Minnesota Statutes 1990, section 60C.06, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF AMOUNT.] The assessments of each member insurer shall be in the proportion that the net direct written premiums of the member insurer for the preceding calendar year on the kinds of insurance in the account bear to the net direct written premiums of all member insurers for the preceding calendar year on the kinds of insurance in the account. No member insurer may be assessed in any year on any account in an amount greater than two percent of that member insurer's net direct written premiums for the preceding calendar year on the kinds of insurance in the account. ~~All member insurers licensed to transact insurance business in this state on the date an insurer is placed in liquidation may be assessed as provided by section 60C.06 for necessary payments from the account.~~

Sec. 7. Minnesota Statutes 1990, section 60C.09, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] A covered claim is any unpaid claim, including one for unearned premium, which:

(a)(1) Arises out of and is within the coverage of an insurance policy issued by a member insurer if the insurer becomes an insolvent insurer after April 30, 1979; or

(2) Would be within the coverage of an extended reporting endorsement to a claims-made insurance policy if insolvency had not prevented the member insurer from fulfilling its obligation to issue the endorsement, if:

(i) the claims-made policy contained a provision affording the insured the right to purchase a reporting endorsement;

(ii) coverage will be no greater than if a reporting endorsement had been issued;

(iii) the insured has not purchased other insurance which applies to the claim; and

(iv) the insured's deductible under the policy is increased by an amount equal to the premium for the reporting endorsement, as provided in the insured's claims-made policy, or if not so provided, then as established by a rate service organization.

(b) Arises out of a class of business which is not excepted from the scope of this chapter by section 60C.02; and

(c) Is made by:

(i) A policyholder, or an insured beneficiary under a policy, who, at the time of the insured event, was a resident of this state; or

(ii) A person designated in the policy as having an insurable interest in or related to property situated in this state at the time of the insured event; or

(iii) An obligee or creditor under any surety bond, who, at the time of default by the principal debtor or obligor, was a resident of this state; or

(iv) A third party claimant under a liability policy or surety bond, if: (a) the insured or the third party claimant was a resident of this state at the time of the insured event; (b) the claim is for bodily or personal injuries suffered in this state by a person who when injured was a resident of this state; or (c) the claim is for damages to real property situated in this state at the time of damage; or

(v) A direct or indirect assignee of a person who except for the assignment might have claimed under item (i), (ii), or (iii).

For purposes of paragraph (c), item (ii), unit owners of condominiums, townhouses, or cooperatives are considered as having an insurable interest.

A covered claim also includes any unpaid claim which arises or exists within 30 days after the time of entry of an order of liquidation with a finding of insolvency by a court of competent jurisdiction unless prior thereto the insured replaces the policy or causes its cancellation or the policy expires on its expiration date. A covered claim does not include claims filed with the guaranty fund after the final date set by the court for the filing of claims except for workers' compensation claims that have met the time limitations and other requirements of chapter 176 and excused late filings permitted under section 60B.37.

Sec. 8. Minnesota Statutes 1990, section 60C.13, subdivision 1, is amended to read:

Subdivision 1. Any person having a claim ~~against an insurer under any provision in an insurance policy other than a policy of an insurer in liquidation which is also a covered claim, is required to exhaust first any rights~~ under another policy, which claim arises out of the same facts which give rise to the covered claim, shall be first required to exhaust the person's right under the other policy. Any

amount payable on a covered claim under ~~Laws 1971,~~ this chapter ~~145~~ shall be reduced by the amount of any recovery under such insurance policy. For purposes of this subdivision, another insurance policy does not include a workers' compensation policy.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day following final enactment. Section 8 applies to all unsettled existing and future claims made after that date arising out of any past or future member insolvencies.

ARTICLE 7

STANDARD VALUATION LAW

Section 1. Minnesota Statutes 1990, section 61A.25, is amended by adding a subdivision to read:

Subd. 2a. [ACTUARIAL OPINION OF RESERVES.] (a) Every life insurance company doing business in this state shall annually submit the opinion of a qualified actuary as to whether the reserves and related actuarial items held in support of the policies and contracts specified by the commissioner by rule are computed appropriately, are based on assumptions which satisfy contractual provisions, are consistent with prior reported amounts, and comply with applicable laws of this state. The commissioner may by rule define the specifics of this opinion and add any other items considered to be necessary to its scope. The opinion must be included in the company's annual statement.

This requirement to annually submit the opinion of a qualified actuary shall apply to service plan corporations licensed pursuant to chapter 62C, to legal service plans licensed pursuant to chapter 62G, and to all fraternal benefit societies except those societies paying only sick benefits not exceeding $250 in any one year, or paying funeral benefits of not more than $350, or aiding those dependent on a member not more than $350, nor any subordinate lodge or council which is or whose members are, assessed for benefits which are payable by a grand body.

(b) The opinion shall apply to all business in force, including individual and group health insurance plans, and shall be based on standards adopted by the Actuarial Standards Board. The opinion shall be acceptable to the commissioner in both form and substance.

(c) In the case of an opinion required to be submitted by a foreign or alien company, the commissioner may accept the opinion filed by that company with the insurance supervisory official of another state if the commissioner determines that the opinion reasonably

meets the requirements applicable to a company domiciled in this state.

(d) For the purposes of this section, "qualified actuary" means a member in good standing of the American Academy of Actuaries who meets the requirements set forth in rules the commissioner may prescribe.

(e) Except in cases of fraud or willful misconduct, the qualified actuary shall not be liable for damages to any person, other than the insurance company and the commissioner, for any act, error, omission, decision, or conduct with respect to the actuary's opinion.

(f) A memorandum, in form and substance acceptable to the commissioner based on standards adopted from time to time by the Actuarial Standards Board and on any additional standards the commissioner may by rule prescribe, shall be prepared to support each actuarial opinion.

(g) If the insurance company fails to provide a supporting memorandum at the request of the commissioner within a period specified by the commissioner or the commissioner determines that the supporting memorandum provided by the insurance company fails to meet the standards based on standards adopted from time to time by the Actuarial Standards Board and on any additional standards the commissioner may by rule prescribe or is otherwise unacceptable to the commissioner, the commissioner may engage a qualified actuary at the expense of the company to review the opinion and the basis for the opinion and prepare any supporting memorandum required by the commissioner.

(h) A memorandum in support of the opinion, and any other material provided by the company to the commissioner in connection with this subdivision, shall be kept confidential by the commissioner and shall not be made public and shall not be subject to subpoena, other than for the purpose of defending an action seeking damages from any person by reason of any action required by this subdivision or by rules adopted pursuant to this subdivision; provided, however, that the memorandum or other material may otherwise be released by the commissioner (1) with the written consent of the company or (2) to the American Academy of Actuaries upon request stating that the memorandum or other material is required for the purpose of professional disciplinary proceedings and setting forth procedures satisfactory to the commissioner for preserving the confidentiality of the memorandum or other material. Once any portion of the confidential memorandum is cited by the company in its marketing or is cited before any governmental agency other than a state insurance department or is released by the company to the news media, all portions of the confidential memorandum shall be no longer confidential.

Sec. 2. Minnesota Statutes 1990, section 61A.25, is amended by adding a subdivision to read:

Subd. 2b. [ACTUARIAL ANALYSIS OF RESERVES AND ASSETS SUPPORTING RESERVES.] (a) Every life insurance company, except as exempted by or pursuant to rule, shall also annually include in the opinion required by subdivision 2a, paragraph (a), an opinion of the same qualified actuary as to whether the reserves and related actuarial items, including page 3, line 10, of the annual statement, held in support of the policies and contracts specified by the commissioner, when considered in light of the assets held by the company with respect to the reserves and related actuarial items, including but not limited to the investment earnings on the assets and the considerations anticipated to be received and retained under the policies and contracts, make adequate provision for the company's obligations under the policies and contracts, including but not limited to the benefits under and expenses associated with the policies and contracts.

(b) The commissioner may provide by rule for a transition period for establishing any higher reserves which the qualified actuary may consider necessary in order to render the opinion required by this section.

Sec. 3. Minnesota Statutes 1990, section 61A.25, subdivision 3, is amended to read:

Subd. 3. [MINIMUM STANDARDS OF VALUATION GENERALLY.] Except as otherwise provided in subdivisions 3a and 3b, the minimum standard for the valuation of the policies and contracts issued prior to the operative date of Laws 1947, chapter 182, shall be that provided by the laws in effect immediately prior to that date. Except as otherwise provided in subdivisions 3a and 3b, the minimum standard for the valuation of the policies and contracts issued on or after the operative date of Laws 1947, chapter 182, shall be the commissioners reserve valuation methods described in subdivisions 4, 4a and 7, 3-1/2 percent interest, or in the case of life insurance policies and contracts, other than annuity and pure endowment contracts, issued on or after April 11, 1974, four percent interest for policies issued prior to August 1, 1978, 5-1/2 percent interest for single premium life insurance policies and 4-1/2 percent interest for other policies issued on or after August 1, 1978, and the following tables:

(a) For all ordinary policies of life insurance issued on the standard basis, excluding any disability and accidental death benefits in the policies, the Commissioners 1941 Standard Ordinary Mortality Table for the policies issued prior to the operative date of section 61A.24, subdivision 9 and the Commissioners 1958 Standard Ordinary Mortality Table for the policies issued on or after the operative date of section 61A.24, subdivision 9, and prior to the

operative date of section 61A.24, subdivision 12; provided, that for any category of the policies issued on female risks all modified net premiums and present values referred to in Laws 1959, chapter 26, may be calculated according to an age not more than six years younger than the actual age of the insured; and for policies issued on or after the operative date of section 61A.24, subdivision 12:

(1) the Commissioners 1980 Standard Ordinary Mortality Table; (2) at the election of the company for any one or more specified plans of life insurance, the Commissioners 1980 Standard Ordinary Mortality Table with Ten-Year Select Mortality Factors; or (3) any ordinary mortality table, including any adopted after 1980 by the National Association of Insurance Commissioners, that is approved by rule adopted by the commissioner for use in determining the minimum standard of valuation for the policies.

(b) For all industrial life insurance policies issued on the standard basis, excluding any disability and accidental death benefits in the policies, the 1941 Standard Industrial Mortality Table for the policies issued prior to the operative date of section 61A.24, subdivision 11 and for the policies issued on or after the operative date, the Commissioners 1961 Standard Industrial Mortality Table or any industrial mortality table, including any adopted after 1980 by the National Association of Insurance Commissioners, that is approved by rule adopted by the commissioner for use in determining the minimum standard of valuation for the policies.

(c) For individual annuity and pure endowment contracts, excluding any disability and accidental death benefits in the policies, the 1937 Standard Annuity Mortality Table or, at the option of the company, the Annuity Mortality Table for 1949, ultimate, or any modification of either of these tables approved by the commissioner.

(d) For group annuity and pure endowment contracts, excluding any disability and accidental death benefits in the policies, the Group Annuity Mortality Table for 1951, any modification of the table approved by the commissioner, or at the option of the company, any of the tables or modifications of tables specified for individual annuity and pure endowment contracts.

(e) For total and permanent disability benefits in or supplemental to ordinary policies or contracts, for policies or contracts issued on or after January 1, 1966, the tables of period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 disability study of the Society of Actuaries, with due regard to the type of benefit or any tables of disablement rates and termination rates, including any adopted after 1980 by the National Association of Insurance Commissioners, that are approved by rule adopted by the commissioner for use in determining the minimum standard of valuation for the policies; for policies or contracts issued on or after January 1, 1963, and prior to January 1, 1966, either the tables or, at the option of the

company, the class (3) disability table (1926); and for policies issued prior to January 1, 1963, the class (3) disability table (1926). The table shall, for active lives, be combined with a mortality table permitted for calculating the reserves for life insurance policies.

(f) For accidental death benefits in or supplementary to policies, for policies issued on or after January 1, 1966, the 1959 Accidental Death Benefits Table or any accidental death benefits table, including any adopted after 1980 by the National Association of Insurance Commissioners, that is approved by rule adopted by the commissioner for use in determining the minimum standard of valuation for the policies; for policies issued on or after January 1, 1963, and prior to January 1, 1966, either table or, at the option of the company, the Intercompany Double Indemnity Mortality Table; and for policies issued prior to January 1, 1963, the Intercompany Double Indemnity Mortality Table. Either table shall be combined with a mortality table permitted for calculating the reserves for life insurance policies.

(g) For group life insurance, life insurance issued on the substandard basis and other special benefits, any tables as may be approved by the commissioner.

Sec. 4. Minnesota Statutes 1990, section 61A.25, subdivision 5, is amended to read:

Subd. 5. [MINIMUM AGGREGATE RESERVES.] A company's aggregate reserves for all life insurance policies, excluding disability and accidental death benefits, issued on or after the operative date of Laws 1947, chapter 182, shall not be less than the aggregate reserves calculated in accordance with the methods set forth in subdivisions 4, 4a, 7, and 8, and the mortality table or tables and rate or rates of interest used in calculating nonforfeiture benefits for the policies.

In no event shall the aggregate reserves for all policies, contracts, and benefits be less than the aggregate reserves determined by the qualified actuary to be necessary to render the opinion required by subdivision 2a.

Sec. 5. Minnesota Statutes 1990, section 61A.25, subdivision 6, is amended to read:

Subd. 6. [CALCULATION OF RESERVES.] (1) Reserves for all policies and contracts issued prior to the operative date of Laws 1947, chapter 182, may be calculated, at the option of the company, according to any standards which produce greater aggregate reserves for all such policies and contracts than the minimum reserves required by the laws in effect immediately prior to such date.

(2) Reserves for any category of policies, contracts or benefits as established by the commissioner, issued on or after the operative date of Laws 1947, chapter 182, may be calculated, at the option of the company, according to any standards which produce greater aggregate reserves for such category than those calculated according to the minimum standard herein provided, but the rate or rates of interest used for policies and contracts, other than annuity and pure endowment contracts, shall not be higher than the corresponding rate or rates of interest used in calculating any nonforfeiture benefits provided for therein.

(3) Any such company which at any time shall have adopted any standard of valuation producing greater aggregate reserves than those calculated according to the minimum standard herein provided may, with the approval of the commissioner, adopt any lower standard of valuation, but not lower than the minimum herein provided; provided, however, that, for the purposes of this section the holding of additional reserves previously determined by a qualified actuary to be necessary to render the opinion required by subdivision 2a shall not be considered to be the adoption of a higher standard of valuation.

Sec. 6. Minnesota Statutes 1990, section 61A.25, is amended by adding a subdivision to read:

Subd. 9. [MINIMUM STANDARDS FOR HEALTH, DISABILITY, ACCIDENT, AND SICKNESS PLANS.] The commissioner may adopt a rule containing the minimum standards applicable to the valuation of health, disability, accident, and sickness plans.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day following final enactment and apply to annual statements submitted pursuant to Minnesota Statutes, section 60A.13, for 1992 and subsequent years.

ARTICLE 8

PROPERTY/CASUALTY INVESTMENTS

Section 1. Minnesota Statutes 1990, section 60A.11, subdivision 10, is amended to read:

Subd. 10. [DEFINITIONS.] The following terms have the meaning assigned in this subdivision for purposes of this section and section 60A.111:

(a) "Adequate evidence" means a written confirmation, advice, or other verification issued by a depository, issuer, or custodian bank which shows that the investment is held for the company;

(b) "Adequate security" means a letter of credit qualifying under subdivision 11, paragraph (f), cash, or the pledge of an investment authorized by any subdivision of this section;

(c) "Admitted assets," for purposes of computing percentage limitations on particular types of investments, means the assets as shown by the company's annual statement, required by section 60A.13, as of the December 31 immediately preceding the date the company acquires the investment;

~~(b)~~ (d) "Clearing corporation" means The Depository Trust Company or any other clearing agency registered with the ~~federal~~ securities and exchange commission pursuant to the ~~Federal~~ Securities Exchange Act of 1934, section 17A, Euro-clear Clearance System Limited and CEDEL S.A., and, with the approval of the commissioner, any other clearing corporation as defined in section 336.8-102;

~~(c)~~ (e) "Control" has the meaning assigned to that term in, and must be determined in accordance with, section ~~60D.01~~ 60D.15, subdivision 4;

~~(d)~~ (f) "Custodian bank" means a bank or trust company or a branch of a bank or trust company that is acting as custodian and is supervised and examined by state or federal authority having supervision over the bank or trust company or with respect to a company's foreign investments only by the regulatory authority having supervision over banks or trust companies in the jurisdiction in which the bank, trust company, or branch is located, and any banking institutions qualifying as an "Eligible Foreign Custodian" pursuant to Reg. 270.17f-5 promulgated under Section 17(f) of the Investment Company Act of 1940, and specifically ~~includes~~ including Euro-clear Clearance System Limited and CEDEL S.A., acting as custodians;

(g) "Evergreen clause" means a provision that automatically renews a letter of credit for a time certain if the issuer of the letter of credit fails to affirmatively signify its intention to nonrenew upon expiration;

(h) "Government obligations" means direct obligations for the payment of money, or obligations for the payment of money to the extent guaranteed as to the payment of principal and interest by any governmental issuer where the obligations are payable from ad valorem taxes or guaranteed by the full faith, credit, and taxing power of the issuer and are not secured solely by special assessments for local improvements;

(i) "Noninvestment grade obligations" means obligations which, at the time of acquisition, were rated below Baa/BBB or the equivalent by a securities rating agency or which, at the time of

acquisition, were not in one of the two highest categories established by the securities valuation office of the National Association of Insurance Commissioners;

~~(e)~~ (j) "Issuer" means the corporation, business trust, governmental unit, partnership, association, individual, or other entity which issues or on behalf of which is issued any form of obligation;

(k) "Licensed real estate appraiser" means a person who develops and communicates real estate appraisals and who holds a current, valid license pursuant to chapter 82B or a substantially similar licensing requirement in another jurisdiction;

~~(f)~~ (l) "Member bank" means a national bank, state bank or trust company which is a member of the Federal Reserve System;

~~(g)~~ (m) "National securities exchange" means an exchange registered under section 6 of the Securities Exchange Act of 1934 or an exchange regulated under the laws of the Dominion of Canada;

(n) "NASDAQ" means the reporting system for securities meeting the definition of National Market System security found in Part I of Schedule D of the National Association of Securities Dealer's Incorporated Bylaws;

~~(h)~~ (o) "Obligations" include bonds, notes, debentures, transportation equipment certificates, repurchase agreements, bank certificates of deposit, time deposits, bankers' acceptances, and other obligations for the payment of money not in default as to payments of principal and interest on the date of investment, whether constituting general obligations of the issuer or payable only out of certain revenues or certain funds pledged or otherwise dedicated for payment. Leases are considered obligations if the lease is assigned for the benefit of the company and is nonterminable by the lessee or lessees thereunder upon foreclosure of any lien upon the leased property, and rental payments are sufficient to amortize the investment over the primary lease term;

~~(i)~~ (p) "Qualified assets" means the sum of (1) all investments qualified in accordance with this section other than investments in affiliates and subsidiaries, (2) investments in obligations of affiliates as defined in section ~~60D.01~~ 60D.15, subdivision 2 secured by real or personal property sufficient to qualify the investment under subdivision 19 or 23, (3) qualified investments in subsidiaries, as defined in section ~~60D.01~~ 60D.15, subdivision 9, on a consolidated basis with the insurance company without allowance for goodwill or other intangible value, and (4) cash on hand and on deposit, agent's balances or uncollected premiums not due more than 90 days, assets held pursuant to section 60A.12, subdivision 2, investment income due and accrued, funds due or on deposit or recoverable on loss payments under contracts of reinsurance entered into pursuant to

section 60A.09, premium bills and notes receivable, federal income taxes recoverable, and equities and deposits in pools and associations;

~~(j)~~ (q) "Qualified net earnings" means that the net earnings of the issuer after elimination of extraordinary nonrecurring items of income and expense and before income taxes and fixed charges over the five immediately preceding completed fiscal years, or its period of existence if less than five years, has averaged not less than 1-1/4 times its average annual fixed charges applicable to the period;

~~(k)~~ (r) "Required liabilities" means the sum of (1) total liabilities as required to be reported in the company's most recent annual report to the commissioner of commerce of this state, (2) for companies operating under the stock plan, the minimum paid-up capital and surplus required to be maintained pursuant to section 60A.07, subdivision 5a, (3) for companies operating under the mutual or reciprocal plan, the minimum amount of surplus required to be maintained pursuant to section 60A.07, subdivision 5b, and (4) the amount, if any, by which the company's loss and loss adjustment expense reserves exceed 350 percent of its surplus as it pertains to policyholders as of the same date. The commissioner may waive the requirement in clause (4) unless the company's written premiums exceed 300 percent of its surplus as it pertains to policyholders as of the same date. In addition to the required amounts pursuant to clauses (1) to (4), the commissioner may require that the amount of any apparent reserve deficiency that may be revealed by one to five year loss and loss adjustment expense development analysis for the five years reported in the company's most recent annual statement to the commissioner be added to required liabilities; ~~and~~

(s) "Revenue obligations" means obligations for the payment of money by any governmental issuer where the obligations are payable from revenues, earnings, or special assessments on properties benefited by local improvements of such issuer which are specifically pledged therefor;

(t) "Security" or its plural, "securities" has the meaning assigned to that term in Section 5 of the Security Act of 1933 and specifically includes, but is not limited to, stocks, stock equivalents, warrants, rights, options, obligations, American Depository Receipts (ADR's), repurchase agreements, and reverse repurchase agreements; and

~~(l)~~ (u) "Unrestricted surplus" means the amount by which qualified assets exceed 110 percent of required liabilities.

Sec. 2. Minnesota Statutes 1990, section 60A.11, subdivision 11, is amended to read:

Subd. 11. [INVESTMENTS IN NAME OF COMPANY OR NOM-

INEE AND PROHIBITIONS.] A company's investments shall be held in its own name or the name of its nominee, except that:

(a) Investments may be held in the name of a clearing corporation or of a custodian bank or in the name of the nominee of either on the following conditions:

(1) The clearing corporation, custodian bank, or nominee must be legally authorized to hold the particular investment for the account of others;

(2) Where the investment is evidenced by a certificate and held in the name of a custodian bank or the nominee by a custodian bank, a written agreement shall provide that certificates so deposited shall at all times be kept separate and apart from other deposits with the depository, so that at all times they may be identified as belonging solely to the company making the deposit; ~~and~~

(3) Where a clearing corporation is to act as depository, the investment may be merged or held in bulk in the clearing corporation's or its nominee name with other investments deposited with the clearing corporation by any other person, if a written agreement provides that adequate evidence of the deposit is to be obtained and retained by the company or a custodian bank; and

(4) The company will monitor current publicly available financial information and other pertinent data with respect to the custodian banks.

(b) A company may loan ~~stocks or obligations~~ securities held by it under this chapter to a broker-dealer registered under the Securities and Exchange Act of 1934 or a member bank. The loan must be evidenced by a written agreement which provides:

(1) That the loan will be fully collateralized by cash or obligations issued or guaranteed by the United States or an agency or an instrumentality thereof, and that the collateral will be adjusted each business day during the term of the loan to maintain the required collateralization in the event of market value changes in the loaned securities or collateral;

(2) That the loan may be terminated by the company at any time, and that the borrower will return the loaned ~~stocks or obligations~~ securities or their equivalent within five business days after termination;

(3) That the company has the right to retain the collateral or use the collateral to purchase investments equivalent to the loaned securities if the borrower defaults under the terms of the agreement and that the borrower remains liable for any losses and expenses

incurred by the company due to default that are not covered by the collateral~~;~~.

(c) A company may participate through a member bank in the Federal Reserve book-entry system, and the records of the member bank shall at all times show that the investments are held for the company or for specific accounts of the company~~; or~~.

(d) An investment may consist of an individual interest in a pool of obligations or a fractional interest in a single obligation if the certificate of participation or interest or the confirmation of participation or interest in the investment shall be issued in the name of the company or the name of the custodian bank or the nominee of either and if the certificate or confirmation must, if held by a custodian bank, be kept separate and apart from the investments of others so that at all times the participation may be identified as belonging solely to the company making the investment.

(e) Except as provided in paragraph (c), where an investment is not evidenced by a certificate, ~~except as provided in paragraph (c),~~ adequate evidence of the company's investment shall be obtained from the issuer or its transfer or recording agent and retained by the company, a custodian bank, or clearing corporation. ~~Adequate evidence, for purposes of this subdivision, shall mean a written receipt or other verification issued by the depository or issuer or a custodian bank which shows that the investment is held for the company.~~ Transfers of ownership of investments held as described in paragraphs (a), clause (3), (c) and (d) may be evidenced by bookkeeping entry on the books of the issuer of the investment or its transfer or recording agent or the clearing corporation without physical delivery of certificates, if any, evidencing the company's investment.

(f) A letter of credit issued by a member bank or any of the 100 largest banks in the world ranked by deposits in dollars or converted into dollar equivalents, as compiled annually by the American Bankers Association or listed in Moody's Bank & Finance Manual (published annually), which also has a long-term deposit rating or a long-term debt rating of at least Aa2 as found in the current Moody's Credit Opinions (published monthly) or its equivalent, which qualifies under the guidelines of the National Association of Insurance Commissioners as a clean, irrevocable letter of credit containing an "evergreen clause" or having a maturity date subsequent to the maturity date of the underlying investment or loan, may be accepted as a guaranty of other investments, as collateral to secure loans, and in lieu of cash to secure loans of securities. The company will monitor current publicly available financial information and other pertinent data with respect to the banks issuing the letters of credit.

Sec. 3. Minnesota Statutes 1990, section 60A.11, subdivision 12, is amended to read:

Subd. 12. [INVESTMENTS.] (a) The investments authorized under the following subdivisions of this section shall constitute admitted assets for a company.

(b) A company's investments shall be so diversified that the securities of a single issuer, other than the United States of America or any agency or instrumentality of the United States of America backed by the full faith and credit thereof, shall comprise no more than five percent of the company's admitted assets, except where otherwise specified under this chapter. In the case of insurance companies which are subsidiaries of a company, this diversification test will be applied to the assets of the insurance company subsidiary in determining the company's compliance.

Sec. 4. Minnesota Statutes 1990, section 60A.11, subdivision 13, is amended to read:

Subd. 13. [UNITED STATES GOVERNMENT OBLIGATIONS.] (a) Obligations issued or guaranteed by the United States of America or ~~an~~ any agency or instrumentality of the United States of America backed by the full faith and credit thereof, including rights to purchase or sell these obligations if those rights are traded upon a contract market designated and regulated by a federal agency.

(b) Obligations issued or guaranteed by an agency or instrumentality of the United States of America other than those backed by the full faith and credit thereof, including rights to purchase or sell these obligations if those rights are traded upon a contract market designated and regulated by a federal agency. The securities of a single issuer under this paragraph shall comprise no more than 20 percent of the company's admitted assets.

Sec. 5. Minnesota Statutes 1990, section 60A.11, subdivision 14, is amended to read:

Subd. 14. [CERTAIN BANK OBLIGATIONS.] (a) Certificates of deposits, time deposits, and bankers' acceptances issued by and other obligations guaranteed by (1) any bank organized under the laws of the United States or any state, commonwealth, or territory thereof, including the District of Columbia, or of the Dominion of Canada or any province thereof or (2) any of the 100 largest banks, not a subsidiary or a holding company thereof, in the world ranked by deposits in dollars or converted into dollar equivalents, as compiled annually by the American Bankers Association or listed in Moody's Bank & Finance Manual (published annually), which also has a long-term deposit rating or a long-term debt rating of at least Aa2 as found in the current Moody's Credit Opinions (published monthly) or its equivalent. A company may not invest more than five percent of its admitted assets in the obligations of any one bank and may not hold at any time more than ten percent of the outstanding obligations of any one bank. ~~A letter of credit issued by a member~~

~~bank which qualifies under the guidelines of the National Association of Insurance Commissioners as a clean, irrevocable letter of credit which contains an "evergreen clause," may be accepted as a guaranty of other investments and in lieu of cash to secure loans of securities.~~

(b) Obligations issued or guaranteed by the International Bank for Reconstruction and Development, the Asian Development Bank, the Inter-American Development Bank, the African Development Bank, the Export-Import Bank, the World Bank or any United States government sponsored organization of which the United States is a member, if the principal and interest is payable in United States dollars. A company may not invest more than five percent of its total admitted assets in the obligations of any one of these banks or organizations, and may not invest more than a total of 15 percent of its total admitted assets in the obligations of all these banks and organizations.

Sec. 6. Minnesota Statutes 1990, section 60A.11, subdivision 15, is amended to read:

Subd. 15. [STATE OBLIGATIONS.] (a) Government obligations issued or guaranteed by any state, commonwealth, or territory of the United States of America or by any political subdivision thereof, including the District of Columbia, or by any instrumentality of any state, commonwealth, territory, or political subdivision thereof. The diversification requirement of subdivision 12, paragraph (b), does not apply to government obligations under this paragraph.

(b) Revenue obligations issued by any state, commonwealth, or territory of the United States of America or by any political subdivision thereof, including the District of Columbia, or by any instrumentality of any state, commonwealth, territory, or political subdivision thereof. The diversification requirement of subdivision 12, paragraph (b), is applicable to revenue obligations under this paragraph.

Sec. 7. Minnesota Statutes 1990, section 60A.11, subdivision 16, is amended to read:

Subd. 16. [CANADIAN GOVERNMENT OBLIGATIONS.] (a) Obligations issued or guaranteed by the Dominion of Canada or by any agency or ~~province thereof, or by any political subdivision of any province or by an instrumentality of any province or political subdivision~~ instrumentality of the Dominion of Canada backed by the full faith and credit thereof. The diversification requirement of subdivision 12, paragraph (b), does not apply to government obligations under this paragraph.

(b) Obligations issued or guaranteed by an agency or instrumentality of the Dominion of Canada other than those backed by the full

faith and credit thereof. The securities of a single issuer under this paragraph shall comprise no more than 20 percent of the company's admitted assets.

(c) Government obligations issued or guaranteed by any province or territory of the Dominion of Canada or by any political subdivision thereof, or by any instrumentality of any province, territory, or political subdivision thereof. The diversification requirement of subdivision 12, paragraph (b), does not apply to government obligations under this paragraph.

(d) Revenue obligations issued by any province or territory of the Dominion of Canada or by any political subdivision thereof, or by any instrumentality of any province, territory, or political subdivision thereof. The diversification requirement of subdivision 12, paragraph (b), is applicable to revenue obligations under this paragraph.

Sec. 8. Minnesota Statutes 1990, section 60A.11, subdivision 17, is amended to read:

Subd. 17. [CORPORATE AND BUSINESS TRUST OBLIGATIONS.] Obligations issued, assumed or guaranteed by a corporation or business trust organized under the laws of the United States of America or any state, commonwealth, or territory of the United States, including the District of Columbia, or the laws of the Dominion of Canada or any province or territory of the Dominion of Canada, or obligations traded on a national securities exchange on the following conditions:

(a) A company may invest in any obligations traded on a national securities exchange;

(b) A company may also invest in any obligations which are secured by adequate security located in the United States or Canada;

(c) A company may also invest in previously outstanding or newly issued obligations not qualifying for investment under paragraph (a) or (b) if the corporation or business trust has qualified net earnings. If the obligations are not newly issued, neither principal nor interest payments on the obligations shall have been in arrears (1) for an aggregate of 90 days during the three-year period preceding the date of investment, or (2) where the obligations have been outstanding for less than 90 days, during the period the obligations have been outstanding;

(d) A company may invest no more than 15 percent of its total admitted assets in noninvestment grade obligations;

(e) A company may invest in federal farm loan bonds and may invest up to 20 percent of its total admitted assets in the obligations of farm mortgage debenture companies; and

~~(e)~~ (f) A company may not invest more than five percent of its admitted assets in the obligations of any one corporation or business trust; provided, however, that a company may invest in the obligations of a corporation without regard to this paragraph or the subdivision 12, paragraph (b), diversification requirement if: (1) the company is wholly owned by the issuer and affiliates of the issuer of the obligations; (2) the company insures solely the issuer of the obligations and its affiliates; (3) the issuer has a net worth, determined on a consolidated basis, which equals or exceeds $100,000,000; and (4) the issuer and its affiliates forego any and all claims they may have against the Minnesota insurance guaranty association pursuant to chapter 60C in the event of the insolvency of the company. This does not affect the rights of any unaffiliated third party claimant under section 60C.09, subdivision 1.

Sec. 9. Minnesota Statutes 1990, section 60A.11, subdivision 18, is amended to read:

Subd. 18. [STOCKS AND LIMITED PARTNERSHIPS.] (a) Stocks issued or guaranteed by any corporation incorporated under the laws of the United States of America or any state, commonwealth, or territory of the United States, including the District of Columbia, or the laws of the Dominion of Canada or any province or territory of Canada, or stocks or stock equivalents, including American Depository Receipts or unit investment trusts, listed or regularly traded on a national securities exchange on the following conditions:

(1) A company may not invest more than a total of 25 percent of its total admitted assets in stocks, stock equivalents, and convertible issues. Not more than ten percent of a company's total admitted assets may be invested in stocks, stock equivalents, and convertible issues not traded or listed on a national securities exchange or designated or approved for designation upon notice of issuance on the NASDAQ/National Market System, provided, however, that this limitation shall not apply to investments under clause (4);

~~(a)~~ (2) A company may not invest ~~in~~ more than two percent of its total admitted assets in preferred stocks of any corporation which are traded on a national securities exchange and may also invest in other preferred stocks if the issuer has qualified net earnings and if current or cumulative dividends are not then in arrears;

~~(b)~~ (3) A company may not invest ~~in~~ more than two percent of its total admitted assets in common stocks, common stock equivalents, or securities convertible into common stock or common stock equivalents of any corporation or business trust, ~~provided:~~ which are traded on a national securities exchange or designated or approved

for designation upon notice of issuance on the NASDAQ/National Market System and may also invest in other common stocks, stock equivalents, and convertible issues subject to the limitations set forth in clause (1);

~~(1) The common stock, common stock equivalent or convertible issue is publicly traded on a national securities exchange, or the corporation or business trust has qualified net earnings;~~

~~(2) A company may invest up to two percent of its admitted assets in common stock, common stock equivalents or convertible issues which do not meet the requirements of clause (1);~~

~~(3) At no time may~~ (4) A company may organize or acquire ~~or~~ and hold voting control of a corporation or business trust through its ownership of common stock, common stock equivalents, or other securities, ~~except that a company may organize and hold, or acquire and hold more than 50 percent of the common stock of~~ provided the corporation or business trust is: (a) a corporation providing investment advisory, banking, management or sale services to an investment company or to an insurance company, (b) a data processing or computer service company, (c) a mortgage loan corporation engaged in the business of making, originating, purchasing or otherwise acquiring or investing in, and servicing or selling or otherwise disposing of loans secured by mortgages on real property, (d) a corporation if its business is owning and managing or leasing personal property, (e) a corporation providing securities underwriting services or acting as a securities broker or dealer, (f) a real property holding, developing, managing, brokerage or leasing corporation, (g) any domestic or foreign insurance company, (h) any alien insurance company, if the organization or acquisition and the holding of the company is subject to the prior approval of the commissioner of commerce, which approval must be given upon good cause shown and is deemed to have been given if the commissioner does not disapprove of the organization or acquisition within 30 days after notification by the company, (i) an investment subsidiary to acquire and hold investments which the company could acquire and hold directly, if the investments of the subsidiary are considered direct investments for purposes of this chapter and are subject to the same percentage limitations, requirements and restrictions as are contained herein, or (j) any corporation whose business has been approved by the commissioner as complementary or supplementary to the business of the company. ~~The percentage of common stock may be less than 50 percent if the prior approval of the commissioner is obtained.~~ A company may invest up to an aggregate of ten percent of its total admitted assets under subclauses (a) to (e) of this clause ~~(3)~~. The diversification requirement of subdivision 12, paragraph (b), does not apply to this clause;

~~(4) A company may invest in the common stock of any corporation owning investments in foreign companies used for purposes of legal~~

~~deposit, when the insurance company transacts business therein direct or as reinsurance;~~

~~(c)~~ (5) A company may invest in warrants and rights granted by an issuer to purchase ~~stock~~ securities of the issuer if ~~the stock~~ that security of the issuer, at the time of the acquisition of the warrant or right to purchase, would qualify as an investment under paragraph (a), clause (2), or ~~(b)~~ paragraph (a), clause (3), whichever is applicable. ~~A company shall not invest more than two percent of its assets under this paragraph. Any stock actually acquired through the exercise of a warrant or right to purchase may be included in paragraph (a) or (b), whichever is applicable, only if the stock,~~ provided that security meets the standards prescribed in the clause at the time of acquisition of the ~~stock~~ securities; and

~~(d)~~ (6)(i) A company may invest in the securities of any face amount certificate company, unit investment trust, or management type investment company, registered or in the process of registration under the ~~Federal~~ Investment Company Act of 1940 as from time to time amended, provided that the aggregate of all these investments other than in securities of money market mutual funds or mutual funds investing primarily in United States government securities, determined at cost, shall not exceed five percent of its total admitted assets; investments may be made under this clause without regard to the percentage limitations applicable to investments in voting securities.

~~(e)~~ (ii) A company may invest in any proportion of the shares or investment units of an investment company or investment trust, whether or not registered under the ~~Federal~~ Investment Company Act of 1940, which is managed by an insurance company, member bank, trust company regulated by state or federal authority or an investment manager or adviser registered under the ~~Federal~~ Investment Advisers Act of 1940 or qualified to manage the investments of an investment company registered under the ~~Federal~~ Investment Company Act of 1940, provided that the investments of the investment company or investment trust are qualified investments made under this section and that the articles of incorporation, bylaws, trust agreement, investment management agreement, or some other governing instrument limits its investments to investments qualified under this section.

(b) A company may invest in or otherwise acquire and hold a limited partnership interest in any limited partnership formed pursuant to the laws of any state, commonwealth, or territory of the United States or under the laws of the United States of America. No limited partnership interest shall be acquired if the investment in it, valued at cost, would exceed two percent of the admitted assets of the company or if the investment, plus the book value on the date of the investment of all limited partnership interests then held by the company and held under the authority of this subdivision, would

exceed ten percent of the company's admitted assets. Limited partnership interests traded on a national securities exchange shall be classified as stock equivalents and shall not be subject to the percentage limitations contained in this paragraph.

Sec. 10. Minnesota Statutes 1990, section 60A.11, subdivision 19, is amended to read:

Subd. 19. [MORTGAGES ON REAL ESTATE.] Up to 25 percent of a company's total admitted assets may be invested in loans or obligations secured by a mortgage or a trust deed on real estate located in any state, commonwealth, or territory of the United States, including the District of Columbia, or in any province or territory of the Dominion of Canada, on the following conditions:

(a) A leasehold estate constitutes real estate under this section if its unexpired term on the date of investment is at least five years longer than the term of the obligation secured by it. The obligation must be repayable within the leasehold term in annual or more frequent installments, except that obligations for commercial purposes may begin up to five years after the date of the obligations. The mortgage must entitle the company upon default to be subrogated to all rights of the lessor under the leasehold;

(b) The real estate to which the mortgage applies must be (1) improved with permanent buildings, or (2) used for agriculture or pasture, or (3) income-producing, including but not limited to parking lots and leases, royalty or other mineral interests in properties producing oil, gas or other minerals and interests in properties for the harvesting of forest products, or (4) subject to a definite plan for the commencement of development within five years;

(c) The real estate to which the mortgage applies must be otherwise unencumbered when the mortgage loan is funded except as provided in paragraph (d) and except for encumbrances which do not unreasonably interfere with the intended use of the real estate as security;

(d) The real estate to which the mortgage applies may be subject to a prior mortgage or trust deed if (1) the amount of the obligation is equal to the sum of the company's loan and the other outstanding indebtedness and (2) the company has control over the payments under the prior mortgage or trust deed;

(e) The amount of the obligation may not exceed 80 percent of the real estate. If the amount of the obligation exceeds 66-2/3 percent of the market value of the real estate, principal payments must commence within five years after the date of the mortgage loan and principal and interest on the loan shall be fully amortized by regular installments payable during the term of the loan without irregular

or balloon payments, unless the schedule of irregular or balloon payments is more favorable to the insurer than regular installments of equal amount would be. The market value shall be established by the written certification of a licensed real estate appraiser qualified to appraise the particular type of real estate involved. The appraisal shall be required at the time the loan is made;

(f) The maximum term of any obligation shall be 40 years, except as provided in paragraph (g) and except for obligations secured by a mortgage or trust deed which are or are to be insured by a private mortgage insurance company approved by the commissioner;

(g) The 25 percent of total admitted asset limitation in the preamble of this subdivision and the maximum amount and term limitations in paragraphs (e) and (f) shall not apply to obligations secured by mortgage or trust deed which are insured or guaranteed by the United States of America or any agency or instrumentality of the United States;

(h) A company may invest in collateralized mortgage obligations (CMO's), mortgage participation certificates and pools issued or administered by a bank or banks and secured by first mortgages or trust deeds on improved real estate located in the United States provided the private placement memorandum, prospectus or other offering circular, or a written agreement with the issuer of the CMO, certificate or other pool interest provides that each loan meets the requirements of this subdivision;

(i) Notwithstanding the restrictions in paragraph (e), if a company disposes of real estate acquired by it under subdivision 20, it may take back a purchase money mortgage from its ~~vendee~~ purchaser in an amount up to 90 percent of the ~~purchase price~~ appraised value; and

(j) The vendor's equity in a contract for deed shall be treated as a mortgage for purposes of this subdivision.

Sec. 11. Minnesota Statutes 1990, section 60A.11, subdivision 20, is amended to read:

Subd. 20. [REAL ESTATE.] (a) Except as provided in paragraphs (b) to (d), a company may only acquire, hold, and convey real estate which:

(1) has been mortgaged to it in good faith by way of security for loans previously contracted, or for money due;

(2) has been conveyed to it in satisfaction of debts previously contracted in the course of its dealings;

(3) has been purchased at sales on judgments, decrees or mortgages obtained or made for the debts; and

(4) is subject to a contract for deed under which the company holds the vendor's interest to secure the payments the vendee is required to make thereunder.

All the real estate specified in clauses (1) to (3) must be sold and disposed of within five years after the company has acquired title to it, or within five years after it has ceased to be necessary for the accommodation of the company's business, and the company must not hold this property for a longer period unless the company elects to hold the real estate under another section, or unless it procures a certificate from the commissioner of commerce that its interest will suffer materially by the forced sale thereof, in which event the time for the sale may be extended to the time the commissioner directs in the certificate.

(b) A company may acquire and hold real estate for the convenient accommodation of its business.

(c) A company may acquire real estate or any interest in real estate, including oil and gas and other mineral interests, as an investment for the production of income, and may hold, improve or otherwise develop, subdivide, lease, sell and convey real estate so acquired directly or as a joint venture or through a limited or general partnership in which the company is a partner.

(d) A company may also hold real estate (1) if the purpose of the acquisition is to enhance the sale value of real estate previously acquired and held by the company under this section, and (2) if the company expects the real estate so acquired to qualify under paragraph (b) or (c) above within five years after acquisition.

(e) A company may, after securing the approval of the commissioner, acquire and hold real estate for the purpose of providing necessary living quarters for its employees. The company must dispose of the real estate within five years after it has ceased to be necessary for that purpose unless the commissioner agrees to extend the holding period upon application by the company.

(f) A company may not invest more than 25 percent of its total admitted assets in real estate. The cost of any parcel of real estate held for both the accommodation of business and for the production of income must be allocated between the two uses annually. No more than ten percent of a company's total admitted assets may be invested in real estate held under paragraph (b). No more than 15 percent of a company's total admitted assets may be invested in real estate held under paragraph (c). No more than three percent of its total admitted assets may be invested in real estate held under paragraph (e). Upon application by a company, the commissioner of

commerce may increase any of these limits up to an additional five percent.

Sec. 12. Minnesota Statutes 1990, section 60A.11, subdivision 21, is amended to read:

Subd. 21. [FOREIGN INVESTMENTS.] Obligations of and investments in foreign countries, on the following conditions:

(a) a company may acquire and hold any foreign investments which are required as a condition of doing business in the foreign country or necessary for the convenient accommodation of its foreign business. An investment is considered necessary for the convenient accommodation of the insurance company's foreign business only if it is demonstrably and directly related in size and purpose to the company's foreign insurance operations; and

(b) a company may ~~also~~ not invest ~~not~~ more than ~~a total of two~~ five percent of its total admitted assets in any combination of:

(1) the obligations of foreign governments, corporations, or business trusts;

(2) obligations of federal, provincial, or other political subdivisions backed by the full faith and credit of the foreign governmental unit;

(3) or in the stocks or stock equivalents or obligations of foreign corporations or business trusts not qualifying for investment under subdivision 12, if the obligations, stocks or stock equivalents are listed or regularly traded on the London, Paris, Zurich, or Tokyo stock exchange or any similar regular securities exchange not disapproved by the commissioner within 30 days following notice from the company of its intention to invest in these securities.

Sec. 13. Minnesota Statutes 1990, section 60A.11, subdivision 22, is amended to read:

Subd. 22. [PERSONAL PROPERTY UNDER LEASE.] Personal property for intended lease or rental in the United States or Canada. A company may not invest more than five percent of its total admitted assets under this subdivision.

Sec. 14. Minnesota Statutes 1990, section 60A.11, subdivision 23, is amended to read:

Subd. 23. [COLLATERAL LOANS.] Obligations ~~adequately secured by a qualifying letter of credit issued by a member bank or by cash or by the pledge of any investment authorized by any of the preceding subdivisions~~ having adequate security if:

(a) The collateral is legally assigned or delivered to the company;

(b) The company has the right to declare the obligation immediately due and payable if the security thereafter depreciates to the point where the investment would not qualify under paragraph (c); provided, that additional qualifying security may be pledged to allow the investment to remain qualified at its face value;

(c) The collateral must at the time of delivery or assignment have a market value of at least, in the case of cash, or a letter of credit meeting the requirements of subdivision 11(f), equal to and, in all other cases, 1-1/4 times the amount of the unpaid balance of the obligations.

A collateral loan made by a company to its parent or upstream affiliate must be secured by collateral: (1) having a market value equal to the amount of the unpaid balance of the obligations; and (2) which is issued or guaranteed by the United States of America or an agency or an instrumentality thereof, any state or territory thereof, and is secured by the full faith and credit of the United States of America or any state or territory thereof. A company may not invest more than five percent of its total admitted assets under this subdivision.

Sec. 15. Minnesota Statutes 1990, section 60A.11, is amended by adding a subdivision to read:

Subd. 24a. [DATA PROCESSING SYSTEMS.] Electronic computer or data processing machines or systems purchased for use in connection with the business of the company, provided that these machines or systems shall have an original cost of not less than $100,000 nor more than three percent of the admitted assets of the company and the cost shall be amortized in full over a period not to exceed ten full calendar years.

Sec. 16. Minnesota Statutes 1990, section 60A.11, subdivision 26, is amended to read:

Subd. 26. [RULES.] (a) The commissioner may adopt appropriate rules to carry out the purpose and provisions of this section.

(b) A company may make qualified investments in any ~~additional securities or property of any kind~~ other type of investment or exceeding any limitations of quality, quantity, or percentage of admitted assets contained in this section with the written order of the commissioner. This approval is at the discretion of the commissioner.

(c) Nothing authorized in this subdivision negates or reduces the investment authority granted in subdivisions 1 to 25.

Sec. 17. [REPEALER.]

Minnesota Statutes 1990, section 60A.12, subdivision 2, is repealed.

Sec. 18. [EFFECTIVE DATE.]

Section 8, paragraph (d), is effective as follows:

(1) effective January 1, 1992, noninvestment grade obligations shall be limited to 20 percent of admitted assets;

(2) effective January 1, 1993, noninvestment grade obligations shall be limited to 17.5 percent of admitted assets; and

(3) effective January 1, 1994, and thereafter, noninvestment grade obligations shall be limited to 15 percent of admitted assets.

ARTICLE 9

LIFE INSURANCE COMPANY INVESTMENTS

Section 1. Minnesota Statutes 1990, section 61A.28, subdivision 1, is amended to read:

Subdivision 1. [~~FUNDS TO BE INVESTED~~ GENERALLY.] No investment or loan, except policy loans, shall be made by any domestic life insurance company unless it has been authorized or be approved by the board of directors or by a committee of directors, officers, or employees of the company designated by the board charged with the duty of supervising the investment or loan and in either case accurate records of all authorizations and approvals shall be maintained.

The capital, surplus and other funds of every domestic life insurance company, whether incorporated by special act or under the general law (in addition to investments in real estate as otherwise permitted by law) may be invested only in one or more of the following kinds of securities or property.

Sec. 2. Minnesota Statutes 1990, section 61A.28, subdivision 2, is amended to read:

Subd. 2. [GOVERNMENT OBLIGATIONS.] Bonds or other obligations of, or bonds or other obligations insured or guaranteed by, (a) the United States or any state thereof; (b) the Dominion of Canada or any province thereof; (c) any county, city, town, statutory city formerly a village, organized school district, municipality, or other civil or political subdivision of this state, or of any state of the

United States or of any province of the Dominion of Canada; (d) any agency or instrumentality of the foregoing, including but not limited to, debentures issued by the federal housing administrator, obligations of ~~national mortgage associations~~ the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association; and (e) obligations payable in United States dollars issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the Export-Import Bank, or any other United States government sponsored organization of which the United States is a member; provided, that the life insurance company may not invest ~~more than five percent of its total admitted assets~~ in the obligations of any one of these banks or organizations ~~and may not invest more than 15 percent of its total admitted assets in the obligations of all banks or organizations described in paragraph (e).~~

~~As used in this subdivision with respect to the United States or any agency or instrumentality of the United States, "bonds or other obligations" shall include purchases or sales of rights or options to purchase the obligations if those rights or options are traded upon a contract market designated and regulated by a federal agency.~~ if the investment will cause the company's aggregate investments in any one of these banks or organizations to exceed five percent of its admitted assets and a company may not invest in these obligations if the investment will cause the company's aggregate investments in the obligations of all banks or organizations described in paragraph (e) to exceed 15 percent of its admitted assets.

Sec. 3. Minnesota Statutes 1990, section 61A.28, subdivision 3, is amended to read:

Subd. 3. [LOANS OR OBLIGATIONS SECURED BY MORTGAGE.] Loans or obligations (hereinafter loans) secured by a first mortgage, or deed of trust (hereinafter mortgage), on improved real estate in the United States, if the amount of the loan secured thereby is not in excess of 66-2/3 percent of the market value of the real estate at the time of the loan, or, when the loan is to be fully amortized by installment payments of principal, which may begin up to five years from the date of the loan if the real estate is to be used for commercial purposes, and interest at least annually over a period of not to exceed 40 years, the amount of the loan does not exceed (a) 80 percent of the market value of the real estate at the time of the loan; (b) 90 percent of the market value of the real estate at the time of the loan if the loan is secured by a purchase money mortgage made in connection with the disposition of real estate acquired pursuant to section 61A.31, subdivision 1, or, if (1) the real estate is used for commercial purposes, and (2) the loan is additionally secured by an assignment of lease or leases, and (3) the lessee or lessees under the lease or leases, or a guarantor or guarantors of the

lessee's obligations, is a corporation whose obligations would qualify as an investment under subdivision ~~6(f)~~ 6, paragraph (e), and (4) the rents payable during the primary term of the lease or leases are sufficient to amortize at least 60 percent of the loan. In calculating the ratio of the amount of the loan to the value of the property, no part of the amount of any loan is to be included which the United States or any agency or instrumentality thereof or other mortgage insurer as may be approved by the commissioner has insured or guaranteed or made a commitment to insure or guarantee; provided, in no event may the loan exceed the market value of the property. No improvement may be included in estimating the market value of the real estate unless it is insured against fire by policies payable to the security holder or a trustee for its benefit. This requirement may be met by a program of self-insurance established and maintained by a corporation whose debt obligations would qualify for purchase under subdivision 6, paragraph (g), clause (4). Also loans secured by mortgage, upon leasehold estates in improved real property where at the date of investment the lease has an unexpired term of at least five years longer than the term of the loan secured thereby, and where the leasehold estate is unencumbered except by the lien reserved in the lease for the payment of rentals and the observance of the other covenants, terms and conditions of the lease and where the mortgagee, upon default, is entitled to be subrogated to, or to exercise, all the rights and to perform all the covenants of the lessee, provided that no loan on the leasehold estate may exceed (a) 66-2/3 percent of the market value thereof at the time of the loan, or (b) 80 percent of the market value thereof at the time of the loan if the loan is to be fully amortized by installment payments of principal which begin within five years from the date of the loan if the leasehold estate is to be used for commercial purposes, interest is payable at least annually over the period of the loan which may not exceed 40 years and the market value of the leasehold estate is shown by the sworn certificate of a competent appraiser, or (c) 90 percent of the market value of the leasehold estate at the time of the loan if the loan is secured by a purchase money mortgage made in connection with the disposition of real estate acquired pursuant to section 61A.31, subdivision 1. In calculating the ratio of the amount of the loan to the value of the leasehold estate, no part of the amount of any loan is to be included which the United States or any agency or instrumentality thereof or other mortgage insurer approved by the commissioner has insured or guaranteed or made a commitment to insure or guarantee; provided, in no event may the loan exceed the market value of the leasehold estate. Also loans secured by mortgage, which the United States or any agency or instrumentality thereof or other mortgage insurer approved by the commissioner has insured or guaranteed or made a commitment to insure or guarantee. Also loans secured by mortgage, on improved real estate in the Dominion of Canada if the amount of the loan is not in excess of 66-2/3 percent of the market value of the real estate at the time of the loan, or, when the loan is to be fully amortized by installment payments of principal, which may begin up to five years from the date of the loan if the real estate is used for commercial purposes,

and interest at least annually over a period of not to exceed 40 years, the amount of the loan does not exceed (a) 80 percent of the market value of the real estate at the time of the loan, or (b) 90 percent of the market value of the real estate at the time of the loan if the loan is secured by a purchase money mortgage made in connection with the disposition of real estate acquired pursuant to section 61A.31, subdivision 1. In calculating the ratio of the amount of the loan to the value of the property, no part of the amount of any loan is to be included which the Dominion of Canada or any agency or instrumentality thereof has insured or guaranteed or made a commitment to insure or guarantee; provided in no event may the loan exceed the market value of the property. Also loans secured by mortgage, on real estate in the United States which may be unimproved provided there exists a definite plan for commencement of development for commercial purposes within not more than five years where the amount of the loan does not exceed 80 percent of the market value of the unimproved real estate at the time of the loan and the loan is to be fully amortized by installment payments of principal, which may begin up to five years from the date of the loan, and interest at least annually over a period of not to exceed 40 years. Also loans secured by second mortgage on improved or unimproved real estate used, or to be used, for commercial purposes; provided, that if unimproved real estate there exists a definite plan for commencement of development within not more than five years, in the United States or the Dominion of Canada under the following conditions: (a) the amount of the loan secured by the second mortgage is equal to the sum of the amount disbursed by the company and the then outstanding indebtedness under the first mortgage loan; and (b) the company has control over the payments under the first mortgage indebtedness; and (c) the total amount of the loan does not exceed 66-2/3 percent of the market value of the real estate at the date of the loan or, when the note or bond is to be fully amortized by installment payments of principal, beginning not more than five years from the date of the loan, and interest at least annually over a period of not to exceed 40 years, the amount of the loan does not exceed 80 percent of the market value of the real estate at the date of the loan.

A company may not invest in a mortgage loan authorized pursuant to this subdivision, if the investment will cause the company's aggregate investments in mortgages secured by a single property to exceed one percent of its admitted assets.

For purposes of this subdivision, improved real estate includes real estate improved with permanent buildings, used for agriculture or pasture, or income producing real estate, including but not limited to, parking lots and leases, royalty or other mineral interests in properties producing oil, gas, or other minerals and interests in properties for the harvesting of forest products.

A loan or obligation otherwise permitted under this subdivision must be permitted notwithstanding the fact that it provides for a

payment of the principal balance prior to the end of the period of amortization of the loan.

The vendor's equity in a contract for deed qualifies as a loan secured by mortgage for the purposes of this subdivision.

~~A mortgage participation certificate evidencing an interest in a loan secured by mortgage or pools of the same qualifies under this subdivision, if the loan secured by mortgage, and in the case of pools of the same that each loan, would otherwise qualify under this subdivision.~~

Sec. 4. Minnesota Statutes 1990, section 61A.28, subdivision 6, is amended to read:

Subd. 6. [STOCKS, OBLIGATIONS, AND OTHER INVESTMENTS.] ~~Stocks, warrants or options to purchase stocks, bonds, notes, evidences of indebtedness, or other investments as set forth in this subdivision, provided that no investment may be made which will increase the aggregate investment in all common stocks under paragraphs (a) and (b) beyond 20 percent of admitted assets as of the end of the preceding calendar year. In applying the standards prescribed in paragraphs (b), (c), and (d), (f) and (g) to the stocks, bonds, notes, evidences of indebtedness, or other obligations of a corporation which in the qualifying period preceding purchase of the stocks, bonds, notes, evidences of indebtedness, or other obligations acquired its property or a substantial part thereof through consolidation, merger, or purchase, the earnings of the several predecessors or constituent corporations must be consolidated. In applying any percentage limitations of this subdivision the value of the stock, or warrant or option to purchase stock, must be based on cost. For purposes of this subdivision, National Securities Exchange means an exchange registered under section 6 of the Securities Exchange Act of 1934 or an exchange regulated under the laws of the Dominion of Canada.~~

(a) ~~Stocks of banks, insurance companies, and municipal corporations organized under the laws of the United States or any state thereof; but not more than 15 percent of the admitted assets of any domestic life insurance company may be invested in stocks of other insurance corporations and banks.~~

~~(b)~~ Common stocks, common stock equivalents, or securities convertible into common stock or common stock equivalents of ~~any corporation or~~ a business ~~trust not designated in paragraph (a) of this subdivision,~~ entity organized under the laws of the United States or any state thereof, or ~~of~~ the Dominion of Canada or any province thereof, ~~or those traded on a National Securities Exchange,~~ if the net earnings of the ~~corporation~~ business entity after the elimination of extraordinary nonrecurring items of income and expense and before income taxes and fixed charges over the five

immediately preceding completed fiscal years, or its period of existence if less than five years, has averaged not less than 1-1/4 times its average annual fixed charges applicable to the period.

~~(c)~~ (b) Preferred stock of, or common or preferred stock guaranteed as to dividends by~~, any corporation not designated in paragraph (a),~~ a business entity organized under the laws of the United States or any state thereof, or ~~of~~ the Dominion of Canada or any province thereof, ~~or those traded on a National Securities Exchange,~~ under the following conditions: (1) No investment may be made under this paragraph in a stock upon which any dividend, current or cumulative, is in arrears; and (2) the ~~aggregate investment~~ company may not invest in stocks under this paragraph and in common stocks under ~~paragraphs~~ paragraph (a) ~~and (b) may not~~ if the investment causes the company's aggregate investments in such common or preferred stocks to exceed 25 percent of the ~~life insurance~~ company's total admitted assets, provided that no more than 20 percent of the company's admitted assets may be invested in common stocks under ~~paragraphs~~ paragraph (a) ~~and (b)~~; and (3) ~~if the net earnings of the corporation after the elimination of extraordinary nonrecurring items of income and expenses and before income taxes and fixed charges over the five immediately preceding completed fiscal years, or its period of existence if less than five years, has averaged not less than 1 1/4 times its average annual fixed charges applicable to the period~~ the company may not invest in any preferred stock or common stock guaranteed as to dividends, which is rated in the four lowest categories established by the securities valuation office of the National Association of Insurance Commissioners if the investment will cause the company's aggregate investment in this lower-rated preferred or common stock guaranteed as to dividends to exceed five percent of its total admitted assets.

~~(d)~~ (c) Warrants, options, and rights to purchase stock if the stock, at the time of the acquisition of the warrant, option, or right to purchase, would qualify as an investment under paragraph (a)~~,~~ or (b)~~, or (c)~~, whichever is applicable. A ~~domestic life insurance~~ company shall not invest ~~more than two percent of its assets under this paragraph. Any stock actually acquired through the exercise of~~ in a warrant ~~or~~, option, or ~~rights~~ right to purchase ~~may be included in paragraph (a), (b), or (c), whichever is applicable, only if the stock then meets the standards prescribed in the paragraph at the time of~~ if, upon purchase and immediate exercise thereof, the acquisition of the stock would violate any of the concentration limitations contained in paragraphs (a) and (b).

~~(e)~~ (d) In addition to amounts that may be invested under subdivision 8 and without regard to the percentage limitation applicable to stocks, warrants, options, and rights to purchase, the securities of any face amount certificate company, unit investment trust, or management type investment company, registered or in the process of registration under the ~~federal~~ Investment Company Act of

1940 as from time to time amended~~, provided that the aggregate of the investments, determined at cost, by the life insurance company may not exceed five percent of its admitted assets, and the investments may be made without regard to the percentage limitations applicable to stocks, and warrants or options or rights to purchase stock~~. In addition, the company may transfer assets into one or more of its separate accounts for the purpose of establishing, or supporting its contractual obligations under, the accounts in accordance with the provisions of sections 61A.13 to 61A.21. A company may not invest in a security authorized pursuant to this paragraph if the investment will cause the company's aggregate investments in these securities to exceed five percent of its total admitted assets, except that for a health service plan corporation operating under chapter 62C, and for a health maintenance organization operating under chapter 62D, the company's aggregate investments may not exceed 20 percent of its total admitted assets. No more than five percent of the allowed investment in money market mutual funds may be invested in funds that invest in assets not backed by the federal government. When investing in money market mutual funds, nonprofit health service plan corporations regulated under chapter 62C and health maintenance organizations regulated under chapter 62D shall establish a trustee custodial account for the transfer of cash into the money market mutual fund.

~~(f)~~ (e)(1) Investment grade obligations, bonds, obligations, notes, debentures, repurchase agreements, or other evidences of indebtedness ~~(1) secured by letters of credit issued by a national bank, state bank or trust company which is a member of the federal reserve system or by a bank organized under the laws of the Dominion of Canada or (2) traded on a national securities exchange or (3) issued, assumed, or guaranteed by a corporation or business trust, other than a corporation designated in subdivision 4~~ (hereinafter investment grade obligations) of a business entity, organized under the laws of the United States or any state thereof, or the Dominion of Canada or any province thereof, ~~if the net earnings of the corporation~~ provided that the obligation is rated in one of the four highest rating categories by at least one nationally recognized statistical rating organization, or is rated in one of the two highest categories established by the securities valuation office the National Association of Insurance Commissioners;

(2) Noninvestment grade obligations:

(i) Obligations of a business entity, organized under the laws of the United States or any state thereof, or the Dominion of Canada or any province thereof, that are not rated in one of the four highest rating categories by at least one nationally recognized statistical rating organization, nor in one of the two highest categories established by the securities valuation office of the National Association of Insurance Commissioners; all such obligations being hereinafter referred to as noninvestment grade obligations.

(ii)(A) Obligations of a business entity fully secured by a letter of credit or financial insurance bond or guarantee in either case issued by a business entity meeting the net earnings requirements of clause (B); (B) obligations of a business entity issued, approved, or fully guaranteed by a business entity, the net earnings which after the elimination of extraordinary nonrecurring items of income and expense and before income taxes and fixed charges over the five immediately preceding completed fiscal years, or its period of existence if less than five years, has averaged not less than 1-1/4 times its average annual fixed charges applicable to the period.; (C) obligations of a business entity issuing or assuming the obligation, or the business entity securing or guaranteeing the obligation, which has undergone an acquisition, recapitalization, or reorganization within the immediately preceding 12 months, or will use the proceeds of the obligation for an acquisition, recapitalization, or reorganization, then such business entity shall have, on a pro forma basis, for the next succeeding 12 months, net earnings averaging 1-1/4 its average annual fixed charges applicable to such period after elimination of extraordinary nonrecurring items of income and expense and before taxes; (D) no investment may be made under this ~~paragraph~~ section upon which any interest obligation is in default.

(iii) Limitation on aggregate interest in noninvestment grade obligations. A company may not invest in a noninvestment grade obligation if the investment will cause the company's aggregate investments in noninvestment grade obligations to exceed the applicable percentage of admitted assets set forth in the following table:

Effective Date	Percentage of Admitted Assets
January 1, 1992	20
January 1, 1993	17.5
January 1, 1994	15

Nothing in this subclause shall limit the ability of a company to invest in noninvestment grade obligations pursuant to subdivision 12.

~~(g)~~ (f) Obligations for the payment of money under the following conditions: (1) The obligation must be secured, either solely or in conjunction with other security, by an assignment of a lease or leases on property, real or personal; and (2) the lease or leases must be nonterminable by the lessee or lessees upon foreclosure of any lien upon the leased property; and (3) the rents payable under the lease or leases must be sufficient to amortize at least 90 percent of the obligation during the primary term of the lease; and (4) the lessee or lessees under the lease or leases, or a governmental entity or ~~corporation which~~ business entity, organized under the laws of the United States or any state thereof, or the Dominion of Canada, or any province thereof, that has assumed or guaranteed any lessee's

performance thereunder, must be a governmental entity or ~~corporation~~ business entity whose obligations would qualify as an investment under subdivision 2 or paragraph ~~(f)~~ (e); provided, however, a company may acquire leases assumed or guaranteed by a noninvestment grade lessee unless the value of the lease, when added to the other noninvestment grade obligations owned by the company, exceed 15 percent of the company's admitted assets.

~~(h)~~ (g) A company may sell exchange-traded call options against stocks or other securities owned by the company and may purchase exchange-traded call options in a closing transaction against a call option previously written by the company. In addition to the authority granted by paragraph ~~(d)~~ (c), to the extent and on the terms and conditions the commissioner determines to be consistent with the purposes of this chapter, a company may purchase or sell other exchange-traded call options, and may sell or purchase exchange-traded put options.

(h) A company may not invest in any security or other obligation authorized pursuant to this subdivision if the investment, valued at cost at the date of purchase, will cause the company's aggregate investment in any one business entity to exceed two percent of the company's admitted assets.

(i) For nonprofit health service plan corporations regulated under chapter 62C, and for health maintenance organizations regulated under chapter 62D, a company may invest in commercial paper rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization, or rated in one of the two highest categories established by the securities valuation office of the National Association of Insurance Commissioners, if the investment, valued at cost at the date of purchase, does not cause the company's aggregate investment in any one business entity to exceed six percent of the company's admitted assets.

Sec. 5. Minnesota Statutes 1990, section 61A.28, subdivision 8, is amended to read:

Subd. 8. [~~PROMISSORY NOTES SECURED BY WAREHOUSE RECEIPTS~~ ASSET BACKED ARRANGEMENTS.] ~~Promissory notes maturing within six months, secured by the pledge of registered terminal warehouse receipts issued against grain deposited in terminal warehouses, as defined in section 233.01. At the time of investing in these notes, the market value of the grain shall exceed the indebtedness secured thereby, and the note or pledge agreement shall provide that the holder may call for additional like security or sell the grain without notice upon depreciation of the security; the insurance company may accept, in lieu of the deposit with it of the warehouse receipts, a trustee certificate issued by any national or state bank at a terminal point, certifying that the warehouse receipts have been deposited with it and are held as security for the~~

~~notes; and the amount invested in the securities mentioned in this subdivision shall not, at any time, exceed 25 percent of the unassigned surplus and capital of the company.~~ Investments in asset backed arrangements that meet the definitions and credit criteria set forth in this subdivision. As used in this subdivision, an "asset backed arrangement" is a loan participation or loan to or equity investment in a business entity that has as its primary business activity the acquisition and holding of financial assets for the benefit of its debt and equity holders.

In order to qualify for investment under this subdivision:

(a) the investment in the asset backed arrangement must be secured by or represent an undivided interest in a single financial asset or a pool of financial assets; and

(b) either (1) at least 90 percent of the dollar value of the financial assets held pursuant to the asset backed arrangement shall qualify for direct investment under this section; or (2) the investment in the asset backed arrangement is rated in one of the four highest rating categories by at least one nationally recognized statistical rating organization; or (3) the investment in the asset backed arrangement is rated in one of the two highest categories established by the securities valuation office of the National Association of Insurance Commissioners.

A company may not invest in an asset backed arrangement if such investment will cause the company's aggregate investment in the financial assets held under the asset backed arrangement to exceed any of the concentration limits contained in this section.

Sec. 6. Minnesota Statutes 1990, section 61A.28, subdivision 11, is amended to read:

Subd. 11. [POLICY LOANS.] Loans on the security of insurance policies issued by itself to an amount not exceeding the loan value thereof; and loans on the pledge of any of the securities eligible for investment under the provisions of subdivisions 2 to 10, with the exception of noninvestment grade obligations as defined in subdivision 6, paragraph (e), but not exceeding 95 percent of the value of securities enumerated in subdivisions 2, 3, and 4 and 80 percent of the value of stocks and other securities; in case of securities enumerated in subdivisions 3, 5, and 10 "value" means principal amount unpaid thereon and in case of other securities market value thereof; in case of securities enumerated in subdivisions 3 and 10 the pledge agreement shall require principal payments by the pledgor at least equal to and concurrent with principal payments on the pledged security; in loans authorized by this subdivision, except as otherwise provided by law in regard to policy loans, the company shall reserve the right at any time to declare the indebtedness due and payable when in excess of such proportions of value or, in case of

pledge of securities other than those enumerated in subdivisions 3 and 10, upon depreciation of security.

Sec. 7. Minnesota Statutes 1990, section 61A.28, is amended by adding a subdivision to read:

Subd. 9a. [HEDGING.] A domestic life insurance company may enter into financial transactions solely for the purpose of managing the interest rate risk associated with the company's assets and liabilities not for speculative or other purposes. As used in this subdivision, the term "financial transactions" includes, but is not limited to, futures, options to buy or sell fixed income securities, repurchase and reverse repurchase agreements, and interest rate swaps, caps, and floors. This shall be in addition to any other authority of the insurer.

Sec. 8. Minnesota Statutes 1990, section 61A.28, subdivision 12, is amended to read:

Subd. 12. [ADDITIONAL INVESTMENTS.] Investments of any kind, without regard to the categories, conditions, standards, or other limitations set forth in the foregoing subdivisions and section 61A.31, subdivision 3, except that the prohibitions in clause (d) of subdivision 3 remains applicable, may be made by a domestic life insurance company in an amount not to exceed the lesser of the following:

(1) Five percent of the company's total admitted assets as of the end of the preceding calendar year, or

(2) Fifty percent of the amount by which its capital and surplus as of the end of the preceding calendar year exceeds $675,000. ~~Provided, however, that~~ Notwithstanding section 61.281, a company's total investment under this section in the common stock of any corporation, other than the stock of the types of corporations specified in subdivision 6(a), may not exceed ten percent of the common stock of the corporation. Provided, ~~further~~ however, that no investment may be made under the authority of this clause or clause (1) by a company that has not completed five years of actual operation since the date of its first certificate of authority.

If, subsequent to being made under the provisions of this subdivision, an investment is determined to have become qualified or eligible under any of the other provisions of this chapter, the company may consider the investment as being held under the other provision and the investment need no longer be considered as having been made under the provisions of this subdivision.

In addition to the investments authorized by this subdivision, a domestic life insurance company may make qualified investments in

any additional securities or property of the type authorized by subdivision 6, ~~paragraph~~ paragraphs (e) and (f), with the written order of the commissioner. This approval is at the discretion of the commissioner. This authorization does not negate or reduce the investment authority granted in subdivision 6, ~~paragraph~~ paragraphs (e) and (f), or this subdivision.

Sec. 9. Minnesota Statutes 1990, section 61A.281, is amended by adding a subdivision to read:

Subd. 5. [CORPORATIONS ORGANIZED TO HOLD INVESTMENTS.] A domestic life insurance company may organize one or more corporations domiciled in the United States and hold the capital stock of them, provided that it shall continuously own all of this capital stock and provided further that the corporations so organized shall limit their activities to acquiring and holding investments, other than under subdivisions 1 to 4, that a domestic life insurance company could acquire and hold. The investments of these corporations are subject to the same restrictions and requirements as apply to domestic life insurance companies, including the applicable percentage limitations for investments in individual properties and entities as well as limitations on the aggregate amount to be invested in any investment category. For the purposes of calculating the amount of an investment held by the life insurance company, investments in the same property, entity, or investment category that are owned by the company and all corporations qualifying under this subdivision shall be aggregated.

Sec. 10. Minnesota Statutes 1990, section 61A.29, is amended to read:

61A.29 [~~INVESTMENTS; AUTHORIZATION~~; FOREIGN INVESTMENTS.]

Subdivision 1. [AUTHORIZATION.] ~~No investment or loan, except policy loans, shall be made by any domestic life insurance company unless the same shall have been authorized or be approved by the board of directors or by a committee of directors, officers or employees of the company designated by the board charged with the duty of supervising the investment or loan, and in either case accurate records of all authorizations and approvals shall be maintained.~~ In addition to the Canadian investments permitted by this chapter, any domestic life insurance company may make foreign investments authorized by subdivision 2, subject to the limitations contained in subdivision 3. Investments authorized by this section shall be restricted to countries where the obligations of the sovereign government are rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization in the United States. These investments shall be made pursuant to foreign investment guidelines established and maintained by the company pursuant to section 60A.112.

Subd. 2. [~~FOREIGN~~ AUTHORIZED INVESTMENTS.] ~~Any domestic life insurance company may invest in obligations of and investments in foreign countries, other than the Dominion of Canada, on the following conditions:~~

~~(a) A company may acquire and hold any foreign investments which are required as a condition of doing business in the foreign country or necessary for the convenient accommodation of its foreign business. An investment shall be considered necessary for the convenient accommodation of foreign business only if it is demonstrably and directly related in size and purpose to such company's foreign insurance operations; and~~

~~(b) A company may also invest not more than a total of two percent of its admitted assets in any combination of:~~

~~(1) the obligations of foreign governments, corporations, or business trusts;~~

~~(2) obligations of federal, provincial, or other political subdivisions backed by the full faith and credit of the foreign governmental unit;~~

~~(3) or in the stocks or stock equivalents or obligations of foreign corporations or business trusts not qualifying for investment under section 61A.28, subdivision 6, if the obligations, stocks, or stock equivalents are regularly traded on the London, Paris, Zurich, or Tokyo stock exchange or any similar regular securities exchange not disapproved by the commissioner within 30 days following notice from the company of its intention to invest in these securities.~~ A company may invest in: (1) foreign assets denominated in United States dollars; (2) foreign assets denominated in foreign currency; and (3) United States assets denominated in foreign currency. These investments may be made in any combination of the following:

(a) Obligations of sovereign governments and political subdivisions thereof and obligations issued or fully guaranteed by supranational banks or organizations, other than those described in section 61A.28, subdivision 2, paragraph (e), provided that these obligations are rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization in the United States.

(b) Obligations of a foreign business entity, provided the obligation: (1) is rated in one of the four highest rating categories by at least one nationally recognized statistical rating organization in the United States or by a similarly recognized statistical rating organization, as approved by the commissioner, in the country where the investment will be made; or (2) is rated in one of the two highest categories established by the securities valuation office of the National Association of Insurance Commissioners.

(c) Stock or stock equivalents issued by a foreign entity if the stock or stock equivalents are regularly traded on the Frankfurt, London, Paris, or Tokyo stock exchange or any similar securities exchange as may be approved from time to time by the commissioner subject to oversight by the government of the country in which the exchange is located.

(d) Financial transactions for the sole purpose of managing the foreign currency risk of investments made pursuant to this subdivision, provided that these financial transactions are entered into pursuant to a detailed plan maintained by the company. "Financial transactions" as used in this paragraph include, but are not limited to, the purchase or sale of currency swaps, forward agreements, and currency futures.

Subd. 3. [INVESTMENT LIMITATIONS.] Investments authorized by subdivision 2 are subject to the following limitations:

(a) A company shall not make any investment pursuant to this section if the investment will cause the company's aggregate investments authorized pursuant to this section to exceed ten percent of its total admitted assets.

(b) Investments made pursuant to subdivision 2 shall be aggregated with United States investments in determining compliance with percentage concentration limitations, if any, contained in the other sections of this chapter.

(c) A company shall not invest in the obligations of any one issuer under subdivision 2 in an amount greater than authorized for investments of the same class under this chapter, and a company shall not invest more than two percent of its total admitted assets in the direct or guaranteed obligations of a sovereign government or political subdivision thereof, or of a supranational bank.

Sec. 11. Minnesota Statutes 1990, section 61A.31, is amended to read:

61A.31 [REAL ESTATE HOLDINGS.]

Subdivision 1. [PURPOSES.] Except as provided in subdivisions 2, 3, and 4, every domestic life insurance company may acquire, hold and convey real property only for the following purposes and in the following manner:

(1) Such as shall have been mortgaged to it in good faith by way of security for loans previously contracted, or for moneys due;

(2) Such as shall have been conveyed to it in satisfaction of debts previously contracted in the course of its dealings;

(3) Such as shall have been purchased at sales on judgments, decrees or mortgages obtained or made for *such debts*;

(4) Such as shall have been subject to a contract for deed under which the company held the vendor's interest to secure the payment by the vendee.

~~All the real property specified in clauses (1), (2), (3), and (4), which shall not be necessary for its accommodation in the convenient transaction of its business, shall be sold and disposed of within five years after the company shall have acquired title to the same, or within five years after the same shall have ceased to be necessary for the accommodation of its business, and it shall not hold this property for a longer period unless it shall hold real property pursuant to subdivision 3, or shall procure a certificate from the commissioner of commerce that its interest will suffer materially by the forced sale thereof, in which event the time for the sale may be extended to such time as the commissioner shall direct in the certificate.~~

Subd. 2. [BUILDING PROJECTS.] In order to promote and supplement public and private efforts to provide an adequate supply of decent, safe, and sanitary dwelling accommodations for persons of low and moderate income; to relieve unemployment; to alleviate the shortage of rental residences; and to assist in relieving the emergency in the housing situation in this country through investment of funds, any life insurance company may purchase or lease from any owner or owners (including states and political subdivisions thereof), real property in any state in which such company is licensed to transact the business of *life insurance*; and on *any real* property so acquired or on real property so located and acquired otherwise in the conduct of its business, such company may erect apartment, or other dwelling houses, not including hotels, but including accommodations for retail stores, shops, offices, and other community services reasonably incident to such projects; or, to provide such housing or accommodations, may construct, reconstruct, improve, or remove any buildings or other improvements thereon. Such company may thereafter own, improve, maintain, manage, collect or receive income from, sell, lease, or convey any such real property and the improvements *thereon*. ~~The aggregate investment by any such domestic life insurance company in all such projects, including the cost of all real property so purchased or leased and the cost of all improvements to be made upon such real property and upon real property otherwise acquired, shall not, at the date of purchase or other acquisition of such real property, exceed ten percent of the total admitted assets of such company on the last day of the previous calendar year.~~ A company may not invest in the building projects if the investment will cause the company's aggregate investments under this subdivision to exceed ten percent of its total admitted assets.

Subd. 3. [ACQUISITION OF PROPERTY.] Any domestic life insurance company may:

(a) acquire real property or any interest in real property, including oil and gas and other mineral interests, in the United States or any state thereof, or in the Dominion of Canada or any province thereof, as an investment for the production of income, and hold, improve or otherwise develop, and lease, sell, and convey the same either directly or as a joint venturer or through a limited or general partnership in which the company is a partner~~, subject to the following conditions and limitations: (1) The cost to the company of each parcel of real property acquired pursuant to this paragraph, including the estimated cost to the company of the improvement or development thereof, when added to the book value of all other real property then held by it pursuant to this clause, may not exceed 15 percent of its admitted assets as of the end of the preceding calendar year, and (2) the cost to the company of each parcel of real property acquired pursuant to this paragraph, including the estimated costs to the company of the improvement or development thereof, may not exceed two percent of its admitted assets as of the end of the preceding calendar year~~;. A company may not invest in any real property asset other than property held for the convenience and accommodation of its business if the investment will: (1) cause the company's aggregate investments in these real property assets to exceed ten percent of its admitted assets; or (2) cause the company's investment in any single parcel of real property to exceed one-half of one percent of its admitted assets;

(b) acquire personal property in the United States or any state thereof, or in the Dominion of Canada or any province thereof, under lease or leases or commitment for lease or leases if: (1) either the fair value of the property exceeds the company's investment in it or the lessee, or at least one of the lessees, or a guarantor, or at least one of the guarantors, of the lease is a corporation with a net worth of $1,000,000 or more; and (2) the lease provides for rent sufficient to amortize the investment with interest over the primary term of the lease or the useful life of the property, whichever is less~~; and (3) in no event does the total investment in personal property under this paragraph exceed three percent of the domestic life insurance company's admitted assets~~. A company may not invest in this personal property if the investment will cause the company's aggregate investments in this personal property to exceed three percent of its admitted assets;

(c) acquire and hold real estate (1) if the purpose of the acquisition is to enhance the sale value of real estate previously acquired and held by the company under this section and (2) if the company expects the real estate so acquired to qualify and be held by the company under paragraph (a) within five years after acquisition; and

(d) not acquire real property under paragraphs (a) to (c) if the property is to be used primarily for agricultural, horticultural, ranch, mining, or church purposes.

All real property acquired or held under this subdivision must be carried at a value equal to the lesser of (1) cost plus the cost of capitalized improvements, less normal depreciation, or (2) market value.

Subd. 4. [CONVENIENCE AND ACCOMMODATION OF BUSINESS.] ~~The real estate acquired or held by any domestic life insurance company for the convenience and accommodation of its business shall not exceed in value 25 percent of its cash and invested assets, not including real estate acquired or held for the convenience and accommodation of its business. Any domestic life insurance company, after having secured approval of the commissioner of commerce therefor, may also acquire and hold real estate for the sole purpose of providing necessary homes and living quarters for its employees. Such real estate shall never exceed three percent of the company's cash assets as shown by its annual statement last filed with the commissioner of commerce. All real property which shall not be necessary for its accommodation in the convenient transaction of its business, or the housing of its employees, shall be sold and disposed of within five years after the same shall have ceased to be necessary for the accommodation of its business, or the housing of its employees, and it shall not hold this property for a longer period unless, (a) it shall procure a certificate from the commissioner of commerce that its interest will suffer materially by the forced sale thereof, in which event the time for sale may be extended to such time as the commissioner shall direct in the certificate, or (b) such real property qualifies as an investment under the terms of subdivision 3 in which event the company may, at its option consider such real property as held under the provisions of said subdivision, subject to the conditions, standards, or other limitations of said subdivision as though it had been originally acquired thereunder.~~ A company may acquire and hold real estate for the convenience and accommodation of its business. Without the prior approval of the department of commerce, a company may not invest in real estate authorized under this subdivision if the investment will cause the company's aggregate investments under this subdivision to exceed five percent of its total admitted assets, except that a health service plan corporation operating under chapter 62C may not invest in real estate authorized under this subdivision if the investment causes the company's aggregate investments under this subdivision to exceed 25 percent of its total admitted assets.

Sec. 12. [REPEALER.]

Minnesota Statutes 1990, section 61A.28, subdivisions 4 and 5, are repealed.

ARTICLE 10

EXAMINATIONS

Section 1. Minnesota Statutes 1990, section 60A.02, is amended by adding a subdivision to read:

Subd. 1a. [ADMITTED ASSETS.] "Admitted assets" means the assets as shown by the company's annual statement on December 31, valued according to valuation regulations prescribed by the National Association of Insurance Commissioners and procedures adopted by its financial condition (Ex4) subcommittee if not addressed in another section, unless the commissioner requires or finds another method of valuation reasonable under the circumstances.

Sec. 2. Minnesota Statutes 1990, section 60A.031, is amended to read:

60A.031 [EXAMINATIONS.]

Subdivision 1. [POWER TO EXAMINE.] (1) [INSURERS AND OTHER LICENSEES.] At any time and for any reason related to the enforcement of the insurance laws, or to ensure that companies are being operated in a safe and sound manner and to protect the public interest, the commissioner may examine the affairs and conditions of any foreign or domestic insurance company, including reciprocals and fraternals, licensee or applicant for a license under the insurance laws, or any other person or organization of persons doing or in the process of organizing to do any insurance business in this state, and of any licensed advisory organization serving any of the foregoing in this state.

The commissioner shall examine the affairs and conditions of every domestic insurance company at least once every five years.

(2) [WHO MAY BE EXAMINED.] The commissioner in making any examination of an insurance company as authorized by this section may, if in the commissioner's discretion, there is cause to believe the commissioner is unable to obtain relevant information from such insurance company or that the examination or investigation is, in the discretion of the commissioner, necessary or material to the examination of the company, examine any person, association, or corporation:

(a) transacting, having transacted, or being organized to transact the business of insurance in this state;

(b) engaged in or proposing to be engaged in the organization, promotion, or solicitation of shares or capital contributions to or aiding in the formation of a domestic insurance company;

(c) holding shares of capital stock of an insurance company for the purpose of controlling the management thereof as voting trustee or otherwise;

(d) having a contract, written or oral, pertaining to the management or control of an insurance company as general agent, managing agent, attorney-in-fact, or otherwise;

(e) which has substantial control directly or indirectly over an insurance company whether by ownership of its stock or otherwise, or owning stock in any domestic insurance company, which stock constitutes a substantial proportion of either the stock of the domestic insurance company or of the assets of the owner thereof;

(f) which is a subsidiary or affiliate of an insurance company;

(g) which is a licensed agent or solicitor or has made application for the licenses;

(h) engaged in the business of adjusting losses or financing premiums.

Nothing contained in this clause (2) shall authorize the commissioner to examine any person, association, or corporation which is subject to regular examination by another division of the commerce department of this state. The commissioner shall notify the other division when an examination is deemed advisable.

Subd. 2a. [PURPOSE, SCOPE, AND NOTICE OF EXAMINATION.] An examination may, but need not, cover comprehensively all aspects of the examinee's affairs, practices, and conditions. The commissioner shall determine the nature and scope of each examination and in doing so shall take into account all available relevant factors concerning the financial and business affairs, practices and conditions of the examinee. For examinations undertaken pursuant to this section, the commissioner shall issue an order stating the scope of the examination and designating the person responsible for conducting the examination. A copy of the order shall be provided to the examinee.

In conducting the examination, the examiner shall observe those guidelines and procedures set forth in the examiner's handbook adopted by the National Association of Insurance Commissioners. The commissioner may also employ other guidelines or procedures the commissioner considers appropriate.

Subd. 3. [ACCESS TO EXAMINEE.] (a) The commissioner, or the designated person, shall have timely, convenient, and free access ~~during normal business~~ at all reasonable hours to all books, records, securities, accounts, documents, and any or all computer or other

records and papers relating to the property, assets, business, and affairs of any company, applicant, association, or person which may be examined pursuant to this act for the purpose of ascertaining, appraising, and evaluating the assets, conditions, affairs, operations, ability to fulfill obligations, and compliance with all the provisions of law of the company or person insofar as any of the above pertain to the business of insurance of a person, organization, or corporation transacting, having transacted, or being organized to transact business in this state. Every company or person being examined, its officers, directors, and agents, shall provide to the commissioner or the designated person timely, convenient, and free access at all reasonable hours at its office to all its books, records, accounts, papers, securities, documents, any or all ~~papers~~ computer or other records relating to the property, assets, business, and affairs of the company or person. The officers, directors, and agents of the company or person shall facilitate the examination and aid in the examination so far as it is in their power to do so.

The refusal of any company, by its officers, directors, employees, or agents, to submit to examination or to comply with any reasonable request of the examiners is grounds for suspension or refusal of, or nonrenewal of any license or authority held by the company to engage in an insurance or other business subject to the commissioner's jurisdiction. Proceedings for suspension, revocation, or refusal of any license or authority shall be conducted pursuant to section 45.027.

(b) The commissioner or any examiners shall have the power to issue subpoenas, to administer oaths, and to examine under oath any person as to any matter pertinent to the examination. Upon the failure or refusal of any person to obey a subpoena, the commissioner may petition a court of competent jurisdiction, and upon proper showing, the court may enter an order compelling the witness to appear and testify or produce documentary evidence. Failure to obey the court order shall be punishable as contempt of court.

(c) When making an examination under this section, the commissioner may retain attorneys, appraisers, independent actuaries, independent certified public accountants, or other professionals and specialists as examiners, the cost of which shall be borne by the company that is the subject of the examination.

(d) Nothing contained in this section shall be construed to limit the commissioner's authority to terminate or suspend any examination in order to pursue other legal or regulatory action pursuant to the insurance laws of this state. Findings of fact and conclusions made pursuant to any examination shall be prima facie evidence in any legal or regulatory action.

(e) Nothing contained in this section shall be construed to limit

the commissioner's authority to use as evidence, any final or preliminary examination report, any examiner or company workpapers or other documents, or any other information discovered or developed during the course of any examination in the furtherance of any legal or administrative action which the commissioner may, in the commissioner's sole discretion, consider appropriate.

Subd. 4. [EXAMINATION REPORT; FOREIGN AND DOMESTIC COMPANIES.] (a) The commissioner shall make a full and true report of every examination conducted pursuant to this chapter, which shall include (1) a statement of findings of fact relating to the financial status and other matters ascertained from the books, papers, records, documents, and other evidence obtained by investigation and examination or ascertained from the testimony of officers, agents, or other persons examined under oath concerning the business, affairs, assets, obligations, ability to fulfill obligations, and compliance with all the provisions of the law of the company, applicant, organization, or person subject to this chapter and (2) a summary of important points noted in the report, conclusions, recommendations and suggestions as may reasonably be warranted from the facts so ascertained in the examinations. The report of examination shall be verified by the oath of the examiner in charge thereof, and shall be prima facie evidence in any action or proceedings in the name of the state against the company, applicant, organization, or person upon the facts stated therein.

(b) No later than 60 days following completion of the examination, the examiner in charge shall file with the department a verified written report of examination under oath. Upon receipt of the verified report, the department shall transmit the report to the company examined, together with a notice which shall afford the company examined a reasonable opportunity of not more than 30 days to make a written submission or rebuttal with respect to any matters contained in the examination report.

(c) Within 30 days of the end of the period allowed for the receipt of written submissions or rebuttals, the commissioner shall fully consider and review the report, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers and enter an order:

(1) adopting the examination report as filed or with modification or corrections. If the examination report reveals that the company is operating in violation of any law, rule, or prior order of the commissioner, the commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure the violation;

(2) rejecting the examination report with directions to the examiners to reopen the examination for purposes of obtaining additional

data, documentation or information, and refiling pursuant to paragraph (a); or

(3) calling for an investigatory hearing with no less than 20 days' notice to the company for purposes of obtaining additional documentation, data, information, and testimony.

(d)(1) All orders entered pursuant to paragraph (c), clause (1), shall be accompanied by findings and conclusions resulting from the commissioner's consideration and review of the examination report, relevant examiner workpapers, and any written submissions or rebuttals. The order shall be considered a final administrative decision and may be appealed pursuant to chapter 14, and shall be served upon the company by certified mail, together with a copy of the adopted examination report. Within 30 days of the issuance of the adopted report, the company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

(2) Any hearing conducted under paragraph (c), clause (3), by the commissioner or authorized representative, shall be conducted as a nonadversarial confidential investigatory proceeding as necessary for the resolution of any inconsistencies, discrepancies, or disputed issues apparent upon the face of the filed examination report or raised by or as a result of the commissioner's review of relevant workpapers or by the written submission or rebuttal of the company. Within 20 days of the conclusion of the hearing, the commissioner shall enter an order pursuant to paragraph (c), clause (1).

(3) The commissioner shall not appoint an examiner as an authorized representative to conduct the hearing. The hearing shall proceed expeditiously with discovery by the company limited to the examiner's workpapers which tend to substantiate any assertions set forth in any written submission or rebuttal. The commissioner or the commissioner's representative may issue subpoenas for the attendance of any witnesses or the production of any documents deemed relevant to the investigation whether under the control of the department, the company, or other persons. The documents produced shall be included in the record and testimony taken by the commissioner or the commissioner's representative shall be under oath and preserved for the record.

Nothing contained in this section shall require the department to disclose any information or records which would indicate or show the existence or content of any investigation or activity of a criminal justice agency.

(4) The hearing shall proceed with the commissioner or the commissioner's representative posing questions to the persons subpoenaed. Thereafter, the company and the department may present testimony relevant to the investigation. Cross-examination shall be

conducted only by the commissioner or the commissioner's representative. The company and the department shall be permitted to make closing statements and may be represented by counsel of their choice.

(e)(1) Upon the adoption of the examination report under paragraph (c), clause (1), the commissioner shall continue to hold the content of the examination report as private and confidential information for a period of 30 days except to the extent provided in paragraph (b). Thereafter, the commissioner may open the report for public inspection so long as no court of competent jurisdiction has stayed its publication.

(2) Nothing contained in this subdivision prevents or shall be construed as prohibiting the commissioner from disclosing the content of an examination report, preliminary examination report or results, or any matter relating thereto, to the commerce department or the insurance department of any other state or country, or to law enforcement officials of this or any other state or agency of the federal government at any time, so long as the agency or office receiving the report or matters relating thereto agrees in writing to hold it confidential and in a manner consistent with this subdivision.

(3) In the event the commissioner determines that regulatory action is appropriate as a result of any examination, the commissioner may initiate any proceedings or actions as provided by law.

(f) All working papers, recorded information, documents and copies thereof produced by, obtained by or disclosed to the commissioner or any other person in the course of an examination made under this subdivision must be given confidential treatment and are not subject to subpoena and may not be made public by the commissioner or any other person, except to the extent provided in paragraph (e). Access may also be granted to the National Association of Insurance Commissioners. The parties must agree in writing prior to receiving the information to provide to it the same confidential treatment as required by this section, unless the prior written consent of the company to which it pertains has been obtained.

Subd. 5. [ORDER; FOREIGN AND DOMESTIC COMPANIES.] Within a reasonable time of receipt of an examination report the commissioner may issue an order to the examinee directing compliance within a time specified in the order or by law with one or more of the following:

(a) to restore within the time and extent prescribed by law or the commissioner's order any deficiency, whenever its capital, reserves or surplus have become impaired,

(b) to cease and desist from transaction of any business or from any business practice which if transacted or continued might result in the examinee's condition or further transaction of business being hazardous to its policyholders, its creditors, or the public,

(c) to cease and desist from any other violation of its charter or any law of the state.

Subd. 6. [PENALTY.] Notwithstanding section 72A.05, any person who violates or aids and abets any violation of a written order issued pursuant to this section may be fined not more than $10,000 for each violation of the order in an action commenced in Ramsey county by the attorney general on behalf of the state of Minnesota and the money so recovered shall be paid into the general fund.

Subd. 7. [ALTERNATIVES TO EXAMINATIONS.] ~~(1) [AUDITS OR ACTUARIAL EVALUATIONS.]~~ In lieu of ~~all or part of an examination under this chapter, or in addition to it, the commissioner may require an independent audit by certified public accountants approved by the commissioner or an actuarial evaluation by actuaries approved by the commissioner of any persons subject to the examination requirement of subdivision 1.~~

~~(2) [REPORTS.] In lieu of all or part of an examination under this section, the commissioner may accept the report of an audit made by certified public accountants approved by the commissioner or actuarial evaluation by actuaries approved by the commissioner or the report of an examination made by the insurance department of another state, of the examination made by another government agency in this state, the federal government or another state.~~ an examination under this section of any foreign or alien insurer licensed in this state, the commissioner may accept an examination report on the company as prepared by the insurance department for the company's state of domicile or port of entry state until January 1, 1994. After that date, the reports may only be accepted if:

(1) the insurance department was at the time of the examination accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation Program; or

(2) the examination is performed under the supervision of an accredited insurance department or with the participation of one or more examiners who are employed by such an accredited state insurance department and who, after a review of the examination workpapers and report, state under oath that the examination was performed in a manner consistent with the standards and procedures required by their insurance department.

Subd. 7a. [CONFLICT OF INTEREST.] The department shall establish reasonable procedures so that no examiner, either directly

or indirectly, has a conflict of interest or is affiliated with the management of or owns a pecuniary interest in any person subject to examination under this chapter. This section shall not be construed to automatically preclude an examiner from being:

(1) a policyholder or claimant under an insurance policy;

(2) a grantor of a mortgage or similar instrument on the examiner's residence to a regulated entity if done under customary terms and in the ordinary course of business;

(3) an investment owner in shares of regulated diversified investment companies; or

(4) a settlor or beneficiary of a "blind trust" into which any otherwise impermissible holdings have been placed.

Notwithstanding the requirements of this section, the commissioner may retain from time to time, on an individual basis, qualified actuaries, certified public accountants, or other similar individuals who are independently practicing their professions, even though these persons may from time to time be similarly employed or retained by persons subject to examination under this chapter.

Subd. 8. [POWER TO MAKE RULES.] The commissioner may promulgate any rules which may be necessary to the administration of subdivisions 1 to ~~7~~ 9.

Subd. 9. [IMMUNITY FROM LIABILITY.] (a) No cause of action shall arise nor shall any liability be imposed against the commissioner, the commissioner's authorized representatives, or any examiner appointed by the commissioner for any statements made or conduct performed in good faith while carrying out the provisions of this section.

(b) No cause of action shall arise, nor shall any liability be imposed against any person for the act of communicating or delivering information or data to the commissioner or the commissioner's authorized representative or examiner pursuant to an examination made under this section, if the act of communication or delivery was performed in good faith and without fraudulent intent or the intent to deceive.

(c) This section does not abrogate or modify in any way any common law or statutory privilege or immunity enjoyed by any person identified in paragraph (a).

(d) A person identified in paragraph (a) shall be entitled to an award of attorney's fees and costs if the person is the prevailing

party in a civil action for libel, slander, or any other relevant tort arising out of activities in carrying out the provisions of this section and the party bringing the action was not substantially justified in doing so. For purposes of this section, a proceeding is "substantially justified" if it had a reasonable basis in law or fact at the time that it was initiated.

Sec. 3. Minnesota Statutes 1990, section 60A.07, is amended by adding a subdivision to read:

Subd. 5f. [CAPITAL AND SURPLUS REQUIREMENTS.] (a) Capital and surplus requirements are based upon all kinds of insurance transacted by the insurer, whether or not only a portion of the kinds of insurance are transacted in this state. The commissioner may for the protection of the public require an insurer to maintain funds in excess of the amounts required under this section, due to the amount, kind, or combination of kinds of insurance transacted by the insurer. Failure of an insurer to maintain funds as ordered by the commissioner is grounds for suspension or revocation of the insurer's certificate of authority.

(b) After June 30, 1991, an insurer may not renew and continue its certificate of authority unless the insurer possesses at least the basic capital and surplus, and additional surplus required by the commissioner under this section.

Sec. 4. Minnesota Statutes 1990, section 60A.10, subdivision 2a, is amended to read:

Subd. 2a. [SPECIAL DEPOSITS.] The commissioner may require a special deposit of an individual foreign insurer for the protection of its Minnesota policyholders or claimants. ~~The special deposit may be required, to a maximum amount of $500,000.~~ In the event of the filing of a delinquency petition against the insurer in Minnesota, the deposit is subject to chapters 60B, 60C, ~~and~~ 61A, and 61B.

Sec. 5. Minnesota Statutes 1990, section 60A.11, subdivision 9, is amended to read:

Subd. 9. [GENERAL CONSIDERATIONS.] The following considerations apply in the interpretation of this section:

(a) This section applies to the investments of insurance companies other than life insurance companies;

(b) The purpose of this section is to protect and further the interests of policyholders, claimants, creditors and the public by providing standards for the development and administration of programs for the investment of the assets of domestic companies. These standards and the investment programs developed by compa-

nies must take into account the safety of company's principal, investment yield and growth, stability in the value of the investment, the liquidity necessary to meet the company's expected business needs, and investment diversification;

(c) All financial terms relating to insurance companies have the meanings assigned to them under statutory accounting methods. All financial terms relating to noninsurance companies have the meanings assigned to them under generally accepted accounting principles;

(d) Investments must be valued in accordance with the valuation procedures established by the National Association of Insurance Commissioners, unless the commissioner requires or finds another method of valuation reasonable under the circumstances. Other invested assets must be valued according to the procedures promulgated by the NAIC's financial condition (Ex 4) subcommittee, if not addressed in another section, unless the commissioner requires or finds another method of valuation reasonable under the circumstances;

(e) A company may elect to hold an investment which qualifies under more than one subdivision, under the subdivision of its choice. Nothing herein prevents a company from electing to hold an investment under a subdivision different from the one in which it previously held the investment; and

(f) An investment which qualifies under any provision of the law governing investments of insurance companies when acquired will continue to be a qualified investment for as long as it is held by the insurance company.

Sec. 6. Minnesota Statutes 1990, section 60A.13, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL STATEMENTS REQUIRED.] Every insurance company, including fraternal beneficiary associations, and reciprocal exchanges, doing business in this state, shall transmit to the commissioner, annually, on or before March first, ~~in the form prescribed by the commissioner, a verified statement of its entire business and condition during the preceding calendar year~~ the appropriate verified NAIC annual statement blank, prepared in accordance with NAIC's instructions handbook and following those accounting procedures and practices prescribed by the NAIC's Accounting Practices and Procedures manual, unless the commissioner requires or finds another method of valuation reasonable under the circumstances. In addition, the commissioner may require the filing of any other information determined to be reasonably necessary for the continual enforcement of these laws. The statement may be limited to the insurer's business and condition in the United States unless the commissioner finds that the business

conducted outside the United States may detrimentally affect the interests of policyholders in this state. The statements shall also contain a verified schedule showing all details required by law for assessment and taxation. The statement or schedules shall be in the form and shall contain all matters the commissioner may prescribe, and it may be varied as to different types of insurers so as to elicit a true exhibit of the condition of each insurer.

Sec. 7. Minnesota Statutes 1990, section 61A.283, is amended to read:

61A.283 [ADMITTED ASSETS.]

For the purpose of applying any investment limitation based on the amount of a domestic life insurance company's admitted assets, the term "admitted assets" ~~shall mean such assets as shown by the company's annual statement, required by section 60A.13, as of the December 31 immediately preceding the date the company acquires the investment~~ has the meaning given the term in section 60A.02, subdivision 1a, with an adjustment in such admitted asset figure to exclude amounts which on such December 31 are allocated to separate accounts; ~~and the value of stocks and warrants and options to purchase stocks owned by the company on such December 31 shall be based on cost. For other purposes the term "admitted assets" shall mean such assets as shown by the company's annual statement on such December 31, valued in accordance with the valuation regulations prescribed by the National Association of Insurance Commissioners~~.

Sec. 8. Minnesota Statutes 1990, section 62D.044, is amended to read:

62D.044 [ADMITTED ASSETS.]

"Admitted assets" includes the following:

(1) petty cash and other cash funds in the organization's principal or official branch office that are under the organization's control;

(2) immediately withdrawable funds on deposit in demand accounts, in a bank or trust company organized and regularly examined under the laws of the United States or any state, and insured by an agency of the United States government, or like funds actually in the principal or official branch office at statement date, and, in transit to a bank or trust company with authentic deposit credit given before the close of business on the fifth bank working day following the statement date;

(3) the amount fairly estimated as recoverable on cash deposited

in a closed bank or trust company, if the assets qualified under this section before the suspension of the bank or trust company;

(4) bills and accounts receivable that are collateralized by securities in which the organization is authorized to invest;

(5) premiums due from groups or individuals that are not more than 90 days past due;

(6) amounts due under reinsurance arrangements from insurance companies authorized to do business in this state;

(7) tax refunds due from the United States or this state;

(8) principal and interest accrued on mortgage loans not exceeding in aggregate one year's total due and accrued principal and interest on an individual loan;

(9) the rents due to the organization on real and personal property, directly or beneficially owned, not exceeding the amount of one year's total due and accrued rent on each individual property;

(10) principal and interest or rents accrued on conditional sales agreements, security interests, chattel mortgages, and real or personal property under lease to other corporations that do not exceed the amount of one year's total due and accrued principal and interest or rent on an individual investment;

(11) the fixed required principal and interest due and accrued on bonds and other evidences of indebtedness that are not in default;

(12) dividends receivable on shares of stock, provided that the market price for valuation purposes does not include the value of the dividend;

(13) the interest on dividends due and payable, but not credited, on deposits in banks and trust companies or on accounts with savings and loan associations;

(14) principal and interest accrued on secured loans that do not exceed the amount of one year's total due and accrued principal and interest on any loan;

(15) interest accrued on tax anticipation warrants;

(16) the amortized value of electronic computer or data processing machines or systems purchased for use in the business of the organization, including software purchased and developed specifically for the organization's use;

(17) the cost of furniture, equipment, and medical equipment, less accumulated depreciation thereon, and medical and pharmaceutical supplies that are used to deliver health care and are under the organization's control, provided the assets do not exceed 30 percent of admitted assets;

(18) amounts currently due from an affiliate that has liquid assets with which to pay the balance and maintain its accounts on a current basis. Any amount outstanding more than three months is not current;

(19) amounts on deposit under section 62D.041;

(20) accounts receivable from participating health care providers that are not more than 60 days past due; and

(21) investments allowed by section 62D.045, except for investments in securities and properties described under section 61A.284.

Sec. 9. Minnesota Statutes 1990, section 62D.045, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTIONS.] Funds of a health maintenance organization shall be invested only in securities and property designated by law for investment by domestic life insurance companies, except that money may be used to purchase real estate, including leasehold estates and leasehold improvements, for the convenient accommodation of the organization's business operations, including the home office, branch offices, medical facilities, and field office operations, on the following conditions:

(1) a parcel of real estate acquired under this subdivision may include excess space for rent to others if it is reasonably anticipated that the excess will be required by the organization for expansion or if the excess is reasonably required in order to have one or more buildings that will function as an economic unit;

(2) the real estate may be subject to a mortgage; and

(3) the purchase price of the asset, including capitalized permanent improvements, less depreciation spread evenly over the life of the property or less depreciation computed on any basis permitted under the Internal Revenue Code and its regulations, or the organization's equity, plus all encumbrances on the real estate owned by a company under this subdivision, whichever is greater, does not exceed 20 percent of its admitted assets, except if permitted by the commissioner upon a finding that the percentage of the health maintenance organization's admitted assets is insufficient to provide convenient accommodation for the organization's business. However, a health maintenance organization that ~~directly provides medical~~

~~services~~ owns real estate used in the delivery of medical services for its enrollees may invest an additional 20 percent of its admitted assets in real estate, not requiring the permission of the commissioner.

Sec. 10. Minnesota Statutes 1990, section 72A.061, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL STATEMENTS.] Any insurance company licensed to do business in this state, including fraternals, reciprocals and township mutuals, which neglects to file its annual statement in the form prescribed and within the time specified by law shall be subject to a penalty of ~~$25~~ $100 for each day in default. If, at the end of ~~90~~ 45 days, the default has not been corrected, the company shall be given ten days in which to show cause to the commissioner why its license should not be suspended. If the company has not made the requisite showing within the ten-day period, the license and authority of the company may, at the discretion of the commissioner, be suspended during the time the company is in default.

Any insurance company, including fraternals, reciprocals, and township mutuals, willfully making a false annual or other required statement shall pay a penalty to the state not to exceed $5,000. Either or both of the monetary penalties imposed by this subdivision may be recovered in a civil action brought by and in the name of the state.

ARTICLE 11

REINSURANCE INTERMEDIARIES

Section 1. [60A.70] [TITLE.]

Sections 60A.70 to 60A.756 may be cited as the reinsurance intermediary act.

Sec. 2. [60A.705] [DEFINITIONS.]

Subdivision 1. [TERMS.] For purposes of sections 60A.70 to 60A.756, the terms defined in this section have the meanings given them.

Subd. 2. [ACTUARY.] "Actuary" means a person who is a member in good standing of the American Academy of Actuaries.

Subd. 3. [CONTROLLING PERSON.] "Controlling person" means a person, firm, association, or corporation who directly or indirectly has the power to direct or cause to be directed, the management, control, or activities of the reinsurance intermediary.

Subd. 4. [INSURER.] "Insurer" means any person, firm, association, or corporation duly licensed in this state pursuant to the applicable provisions of the insurance law as an insurer.

Subd. 5. [LICENSED PRODUCER.] "Licensed producer" means an agent, broker, or reinsurance intermediary licensed pursuant to the applicable provision of the insurance law.

Subd. 6. [REINSURANCE INTERMEDIARY.] "Reinsurance intermediary" means a reinsurance intermediary-broker or a reinsurance intermediary-manager.

Subd. 7. [REINSURANCE INTERMEDIARY-BROKER.] "Reinsurance intermediary-broker" or "RB" means any person, other than an officer or employee of the ceding insurer, firm, association, or corporation who solicits, negotiates, or places reinsurance cessions or retrocessions on behalf of a ceding insurer without the authority or power to bind reinsurance on behalf of this insurer.

Subd. 8. [REINSURANCE INTERMEDIARY-MANAGER.] "Reinsurance intermediary-manager" or "RM" means any person, firm, association, or corporation who has authority to bind or manages all or part of the assumed reinsurance business of a reinsurer, including the management of a separate division, department, or underwriting office, and acts as an agent for that reinsurer whether known as a RM, manager, or other similar term. However, the following persons are not considered a RM, with respect to that reinsurer, for the purposes of sections 60A.70 to 60A.756:

(1) an employee of the reinsurer;

(2) a United States manager of the United States branch of an alien reinsurer;

(3) an underwriting manager which, pursuant to contract, manages all the reinsurance operations of the reinsurer, is under common control with the reinsurer, subject to the holding company act, and whose compensation is not based on the volume of premiums written; or

(4) the manager of a group, association, pool, or organization of insurers which engage in joint underwriting or joint reinsurance and who are subject to examination by the insurance commissioner of the state in which the manager's principal business office is located.

Subd. 9. [REINSURER.] "Reinsurer" means a person, firm, association, or corporation licensed in this state as an insurer with the authority to assume reinsurance.

Subd. 10. [TO BE IN VIOLATION.] "To be in violation" means that the reinsurance intermediary, insurer, or reinsurer for whom the reinsurance intermediary was acting failed to substantially comply with the provisions of sections 60A.70 to 60A.756.

Subd. 11. [QUALIFIED UNITED STATES FINANCIAL INSTITUTION.] "Qualified United States financial institution" means an institution that:

(1) is organized, or in the case of a United States office of a foreign banking organization, is licensed, under the laws of the United States or any state;

(2) is regulated, supervised, and examined by United States federal or state authorities having regulatory authority over banks and trust companies; and

(3) has been determined by either the commissioner, or the securities valuation office of the National Association of Insurance Commissioners, to meet the standards of financial condition and standing considered necessary and appropriate to regulate the quality of financial institutions whose letters of credit will be acceptable to the commissioner.

Sec. 3. [60A.71] [LICENSURE.]

Subdivision 1. [REINSURANCE INTERMEDIARY-BROKER REQUIREMENTS.] No person, firm, association, or corporation shall act as a RB in this state if the RB maintains an office either directly or as a member or employee of a firm or association, or an officer, director, or employee of a corporation:

(1) in this state, unless the RB is a licensed producer in this state; or

(2) in another state, unless the RB is a licensed producer in this state or another state having a law substantially similar to this law or the RB is licensed in this state as a nonresident reinsurance intermediary.

Subd. 2. [REINSURANCE INTERMEDIARY-MANAGER REQUIREMENTS.] No person, firm, association, or corporation shall act as a RM:

(1) for a reinsurer domiciled in this state, unless the RM is a licensed producer in this state;

(2) in this state, if the RM maintains an office either directly or as a member or employee of a firm or association, or an officer, director,

or employee of a corporation in this state, unless the RM is a licensed producer in this state; or

(3) in another state for a nondomestic insurer, unless the RM is a licensed producer in this state or another state having a law substantially similar to this law or the person is licensed in this state as a nonresident reinsurance intermediary.

Subd. 3. [BOND AND INSURANCE REQUIREMENTS FOR REINSURANCE INTERMEDIARY-MANAGER.] The commissioner may require a RM subject to subdivision 2 to:

(1) file a bond in an amount from an insurer acceptable to the commissioner for the protection of the reinsurer; and

(2) maintain an errors and omissions policy in an amount acceptable to the commissioner.

Subd. 4. [TERMS.] (a) The commissioner may issue a reinsurance intermediary license to any person, firm, association, or corporation who has complied with the requirements of sections 60A.70 to 60A.756. The license issued to a firm or association will authorize all the members of the firm or association and any designated employees to act as reinsurance intermediaries under the license, and these persons shall be named in the application and any supplements to it. The license issued to a corporation shall authorize all of the officers, and any designated employees and directors of the corporation to act as reinsurance intermediaries on behalf of the corporation, and all these persons shall be named in the application and any supplements to it.

(b) If the applicant for a reinsurance intermediary license is a nonresident, the applicant, as a condition precedent to receiving or holding a license, shall designate the commissioner as agent for service of process in the manner, and with the same legal effect, provided for by this act for designation of service of process upon unauthorized insurers. The applicant shall also furnish the commissioner with the name and address of a resident of this state upon whom notices or orders of the commissioner or process affecting the nonresident reinsurance intermediary may be served. The licensee shall promptly notify the commissioner in writing of every change in its designated agent for service of process, and the change shall not become effective until acknowledged by the commissioner.

Subd. 5. [REFUSAL TO ISSUE.] The commissioner may refuse to issue a reinsurance intermediary license if, in the commissioner's judgment, the applicant, anyone named on the application, or any member, principal, officer, or director of the applicant, is not trustworthy, or that any controlling person of the applicant is not trustworthy to act as a reinsurance intermediary, or that any of the foregoing has given cause for revocation or suspension of the license,

or has failed to comply with any prerequisite for the issuance of the license. Upon written request, the commissioner will furnish a summary of the basis for refusal to issue a license. This document is privileged and not subject to chapter 13.

Subd. 6. [ATTORNEYS EXEMPTION.] Licensed attorneys at law of this state when acting in their professional capacity as such are exempt from this section.

Sec. 4. [60A.715] [REQUIRED CONTRACT PROVISIONS; REINSURANCE INTERMEDIARY-BROKERS.]

Transactions between a RB and the insurer it represents in this capacity shall only be entered into pursuant to a written authorization, specifying the responsibilities of each party. The authorization must, at a minimum, provide that:

(1) the insurer may terminate the RB's authority at any time;

(2) the RB will render accounts to the insurer accurately detailing all material transactions, including information necessary to support all commissions, charges, and other fees received by, or owing to the RB, and remit all funds due to the insurer within 30 days of receipt;

(3) all funds collected for the insurer's account will be held by the RB in a fiduciary capacity in a bank that is a qualified United States financial institution;

(4) the RB will comply with section 5;

(5) the RB will comply with the written standards established by the insurer for the cession or retrocession of all risks; and

(6) the RB will disclose to the insurer any relationship with any reinsurer to which business will be ceded or retroceded.

Sec. 5. [60A.72] [BOOKS AND RECORDS; REINSURANCE INTERMEDIARY-BROKERS.]

Subdivision 1. [RECORDS OF TRANSACTIONS.] For at least ten years after expiration of each contract of reinsurance transacted by the RB, the RB will keep a complete record for each transaction showing:

(1) the type of contract, limits, underwriting restrictions, classes or risks, and territory;

(2) period of coverage, including effective and expiration dates, cancellation provisions, and notice required of cancellation;

(3) reporting and settlement requirements of balances;

(4) rate used to compute the reinsurance premium;

(5) names and addresses of assuming reinsurers;

(6) rates of all reinsurance commissioners, including the commissions on any retrocessions handled by the RB;

(7) related correspondence and memoranda;

(8) proof of placement;

(9) details regarding retrocessions handled by the RB including the identity of retrocessionaires and percentage of each contract assumed or ceded;

(10) financial records, including, but not limited to, premium and loss accounts; and

(11) when the RB procures a reinsurance contract on behalf of a licensed ceding insurer:

(i) directly from any assuming reinsurer, written evidence that the assuming reinsurer has agreed to assume the risk; or

(ii) if placed through a representative of the assuming reinsurer, other than an employee, written evidence that such reinsurer has delegated binding authority to the representative.

Subd. 2. [ACCESS BY INSURER.] The insurer will have access and the right to copy and audit all accounts and records maintained by the RB related to its business in a form usable by the insurer.

Sec. 6. [60A.725] [DUTIES OF INSURERS UTILIZING THE SERVICES OF A REINSURANCE INTERMEDIARY-BROKER.]

(a) An insurer shall not engage the services of a person, firm, association, or corporation to act as a RB on its behalf unless the person is licensed as required by section 3, subdivision 1.

(b) An insurer may not employ an individual who is employed by a RB with which it transacts business, unless the RB is under common control with the insurer and subject to chapter 60D.

(c) The insurer shall annually obtain a copy of statements of the financial condition of each RB with which it transacts business.

Sec. 7. [60A.73] [REQUIRED CONTRACT PROVISIONS; REINSURANCE INTERMEDIARY-MANAGERS.]

Subdivision 1. [APPROVAL BY COMMISSIONER.] Transactions between a RM and the reinsurer it represents in this capacity must only be entered into pursuant to a written contract, specifying the responsibilities of each party. The contract shall be approved by the reinsurer's board of directors. At least 30 days before the reinsurer assumes or cedes business through this producer, a true copy of the approved contract must be filed with the commissioner for approval. The contract must, at a minimum, contain the provisions in subdivisions 2 to 14.

Subd. 2. [TERMINATIONS.] The reinsurer may terminate the contract for cause upon written notice to the RM. The reinsurer may immediately suspend the authority of the RM to assume or cede business during the pendency of any dispute regarding the cause for termination.

Subd. 3. [PERIODIC ACCOUNTING.] The RM will render accounts to the reinsurer accurately detailing all material transactions, including information necessary to support all commissions, charges, and other fees received by, or owing to the RM, and remit all funds due under the contract to the reinsurer on not less than a monthly basis.

Subd. 4. [HANDLING OF FUNDS.] All funds collected for the reinsurer's account will be held by the RM in a fiduciary capacity in a bank which is a qualified United States financial institution as defined herein. The RM may retain no more than three months estimated claims payments and allocated loss adjustment expenses. The RM shall maintain a separate bank account for each reinsurer that it represents.

Subd. 5. [BUSINESS RECORDS.] For at least ten years after expiration of each contract of reinsurance transacted by the RM, the RM will keep a complete record for each transaction showing:

(1) the type of contract, limits, underwriting restrictions, classes or risks, and territory;

(2) period of coverage, including effective and expiration dates, cancellation provisions and notice required of cancellation, and disposition of outstanding reserves on covered risks;

(3) reporting and settlement requirements of balances;

(4) rate used to compute the reinsurance premium;

(5) names and addresses of reinsurers;

(6) rates of all reinsurance commissions, including the commissions on any retrocessions handled by the RM;

(7) related correspondence and memoranda;

(8) proof of placement;

(9) details regarding retrocessions handled by the RM, as permitted by section 9, subdivision 4, including the identity of retrocessionaires and percentage of each contract assumed or ceded;

(10) financial records, including, but not limited to, premium and loss accounts; and

(11) when the RM places a reinsurance contract on behalf of a ceding insurer:

(i) directly from any assuming reinsurer, written evidence that the assuming reinsurer has agreed to assume the risk; or

(ii) if placed through a representative of the assuming reinsurer, other than an employee, written evidence that the reinsurer has delegated binding authority to the representative.

Subd. 6. [REINSURER ACCESS TO RECORDS.] The reinsurer will have access and the right to copy all accounts and records maintained by the RM related to its business in a form usable by the reinsurer.

Subd. 7. [NONASSIGNMENT OF CONTRACT.] The contract cannot be assigned in whole or in part by the RM.

Subd. 8. [UNDERWRITING AND RATING STANDARDS.] The RM will comply with the written underwriting and rating standards established by the insurer for the acceptance, rejection, or cession of all risks.

Subd. 9. [CHARGES AND COMMISSIONS.] The rates, terms and purposes of commission, charges, and other fees which the RM may levy against the reinsurer will be specified in the contract.

Subd. 10. [CLAIMS SETTLEMENT.] If the contract permits the RM to settle claims on behalf of the reinsurer, the contract will specify that:

(1) all claims will be reported to the reinsurer in a timely manner;

(2) a copy of the claim file will be sent to the reinsurer at its request or as soon as it becomes known that the claim:

(i) has the potential to exceed the lesser of an amount determined by the commissioner or the limit set by the reinsurer;

(ii) involves a coverage dispute;

(iii) may exceed the RM's claims settlement authority;

(iv) is open for more than six months; or

(v) is closed by payment of the lesser of an amount set by the commissioner or an amount set by the reinsurer;

(3) all claim files will be the joint property of the reinsurer and RM. However, upon an order of liquidation of the reinsurer the files become the sole property of the reinsurer or its estate. The RM shall have reasonable access to and the right to copy the files on a timely basis; and

(4) settlement authority granted to the RM may be terminated for cause upon the reinsurer's written notice to the RM or upon the termination of the contract. The reinsurer may suspend the settlement authority during the pendency of the dispute regarding the cause of termination.

Subd. 11. [INTERIM PROFITS.] If the contract provides for a sharing of interim profits by the RM, interim profits will not be paid until one year after the end of each underwriting period for property business and five years after the end of each underwriting period for casualty business, or a later period set by the commissioner for specified lines of insurance, and not until the adequacy of reserves on remaining claims has been verified pursuant to section 9, subdivision 3.

Subd. 12. [CERTIFIED FINANCIAL STATEMENT.] The RM will annually provide the reinsurer with a statement of its financial condition prepared by an independent certified accountant.

Subd. 13. [ON-SITE REVIEW BY REINSURER.] The reinsurer shall periodically, at least semiannually, conduct an on-site review of the underwriting and claims processing operations of the RM.

Subd. 14. [DISCLOSURE OF INSURER RELATIONSHIP.] The RM will disclose to the reinsurer any relationship it has with any insurer before ceding or assuming any business with the insurer pursuant to this contract.

Subd. 15. [RESPONSIBILITY OF REINSURER.] Within the scope of its actual or apparent authority, the acts of the RM are considered to be the acts of the reinsurer on whose behalf it is acting.

Sec. 8. [60A.735] [PROHIBITED ACTS.]

The RM shall not:

(1) cede retrocessions on behalf of the reinsurer, except that the RM may cede facultative retrocessions pursuant to obligatory facultative agreements if the contract with the reinsurer contains reinsurance underwriting guidelines for these retrocessions. These guidelines must include a list of reinsurers with which these automatic agreements are in effect, and for each reinsurer, the coverages and amounts or percentages that may be reinsured, and commission schedules;

(2) commit the reinsurer to participate in reinsurance syndicates;

(3) appoint any producer without assuring that the producer is lawfully licensed to transact the type of reinsurance for which the producer is appointed;

(4) without prior approval of the reinsurer, pay or commit the reinsurer to pay a claim, net of retrocessions, that exceeds the lesser of an amount specified by the reinsurer or one percent of the reinsurer's policyholder's surplus as of December 31 of the last complete calendar year;

(5) collect any payment from a retrocessionaire or commit the reinsurer to any claim settlement with a retrocessionaire, without prior approval of the reinsurer. If prior approval is given, a report must be promptly forwarded to the reinsurer;

(6) jointly employ an individual who is employed by the reinsurer unless such RM is under common control with the reinsurer subject to chapter 60D;

(7) appoint a sub-RM.

Sec. 9. [60A.74] [DUTIES OF REINSURER UTILIZING THE SERVICES OF A REINSURANCE INTERMEDIARY-MANAGER.]

Subdivision 1. [LICENSED PERSONS TO BE USED.] A reinsurer shall not engage the services of any person, firm, association, or corporation to act as a RM on its behalf unless the person is licensed as required by section 3, subdivision 2.

Subd. 2. [ANNUAL FINANCIAL STATEMENTS TO BE OBTAINED.] The reinsurer shall annually obtain a copy of statements of the financial condition of each RM which the reinsurer has engaged prepared by an independent certified accountant in a form acceptable to the commissioner.

Subd. 3. [LOSS RESERVE OPINIONS.] If a RM establishes loss reserves, the reinsurer shall annually obtain the opinion of an actuary attesting to the adequacy of loss reserves established for losses incurred and outstanding on business produced by the RM. This opinion must be in addition to any other required loss reserve certification.

Subd. 4. [BINDING AUTHORITY.] Binding authority for all retrocessional contracts or participation in reinsurance syndicates shall rest with an officer of the reinsurer who shall not be affiliated with the RM.

Subd. 5. [NOTIFICATION OF TERMINATION.] Within 30 days of termination of a contract with a RM, the reinsurer shall provide written notification of the termination to the commissioner.

Subd. 6. [RESTRICTION ON BOARD APPOINTMENTS.] A reinsurer shall not appoint to its board of directors, any officer, director, employee, controlling shareholder, or subproducer of its RM. This subdivision does not apply to relationships governed by chapter 60D or, if applicable, the producer controlled property/casualty insurer act, article 13.

Sec. 10. [60A.745] [EXAMINATION AUTHORITY.]

(a) A reinsurance intermediary is subject to examination by the commissioner. The commissioner shall have access to all books, bank accounts, and records of the reinsurance intermediary in a form usable to the commissioner.

(b) A RM may be examined as if it were the reinsurer.

Sec. 11. [60A.75] [VIOLATIONS.]

Subdivision 1. [ADMINISTRATIVE AND CIVIL PENALTIES AND LIABILITIES.] A reinsurance intermediary, insurer, or reinsurer found by the commissioner, after a hearing conducted in accordance with chapter 14, to be in violation of any provision of sections 60A.70 to 60A.756, shall:

(1) for each separate violation, pay a penalty in an amount not exceeding $5,000;

(2) be subject to revocation or suspension of its license; and

(3) if a violation was committed by the reinsurance intermediary, the reinsurance intermediary shall make restitution to the insurer, reinsurer, rehabilitator, or liquidator of the insurer or reinsurer for the net losses incurred by the insurer or reinsurer attributable to the violation.

Subd. 2. [JUDICIAL REVIEW.] The decision, determination, or order of the commissioner pursuant to subdivision 1 is subject to judicial review pursuant to chapter 14.

Subd. 3. [OTHER PENALTIES.] Nothing contained in this section affects the right of the commissioner to impose any other penalties provided in the insurance laws.

Sec. 12. [60A.755] [SCOPE.]

Nothing contained in sections 60A.70 to 60A.756 is intended to or shall in any manner limit or restrict the rights of policyholders, claimants, creditors, or other third parties or confer any rights to these persons.

Sec. 13. [60A.756] [RULES.]

The commissioner may adopt rules for the implementation and administration of sections 60A.70 to 60A.756.

Sec. 14. [EFFECTIVE DATE.]

Sections 60A.70 to 60A.756 are effective August 1, 1991. No insurer or reinsurer may continue to utilize the services of a reinsurance intermediary on and after that date unless utilization is in compliance with this article.

ARTICLE 12

INSURANCE REGULATORY INFORMATION SYSTEM

Section 1. [60A.90] [SCOPE.]

Sections 60A.90 to 60A.94 apply to all domestic, foreign, and alien insurers who are authorized to transact business in this state.

Sec. 2. [60A.91] [FILING REQUIREMENTS.]

(a) A domestic, foreign, and alien insurer who is authorized to transact insurance in this state shall annually on or before March 1 of each year, file with the National Association of Insurance Commissioners (NAIC) a copy of its annual statement convention blank, along with additional filings prescribed by the commissioner for the preceding year. The information filed with the National Association of Insurance Commissioners must be in the same format and scope as that required by the commissioner and must include the signed jurat page and the actuarial certification. Amendments and addenda to the annual statement filing subsequently filed with the commissioner must also be filed with the NAIC.

(b) Foreign insurers that are domiciled in a state that has a law substantially similar to paragraph (a) is considered to be in compliance with this section.

Sec. 3. [60A.92] [IMMUNITY.]

In the absence of actual malice, members of the NAIC, their duly authorized committees, subcommittees, and task forces, their delegates, NAIC employees, and all others charged with the responsibility of collecting, reviewing, analyzing, and disseminating the information developed from the filing of the annual statement convention blanks are acting as agents of the commissioner under the authority of this act and are not subject to civil liability for libel, slander, or any other cause of action by virtue of their collection, review, and analysis or dissemination of the data and information collected from the filings required under sections 60A.90 to 60A.94.

Sec. 4. [60A.93] [CONFIDENTIALITY.]

All financial analysis ratios and examination synopses concerning insurance companies that are submitted to the department by the National Association of Insurance Commissioners' Insurance Regulatory Information System are confidential and may not be disclosed by the department.

Sec. 5. [60A.94] [REVOCATION OF CERTIFICATE OF AUTHORITY.]

The commissioner may suspend, revoke, or refuse to renew the certificate of authority of an insurer failing to file its annual statement when due or within any extension of time that the commissioner, for good cause, may have granted.

Sec. 6. [EFFECTIVE DATE.]

Sections 60A.90 to 60A.94 are effective the day following final enactment.

ARTICLE 13

BUSINESS TRANSACTED WITH PRODUCER CONTROLLED PROPERTY/CASUALTY INSURER

Section 1. [60J.01] [TITLE.]

Sections 60J.01 to 60J.05 may be cited as the business transacted with producer controlled property/casualty insurer act.

Sec. 2. [60J.02] [DEFINITIONS.]

Subdivision 1. [TERMS.] For the purposes of sections 60J.01 to 60J.05, the terms defined in this section have the meanings given them.

Subd. 2. [PRODUCER.] "Producer" means an insurance broker or brokers or any other person, firm, association, or corporation, when, for any compensation, commission, or other thing of value, the person, firm, association, or corporation acts or aids in any manner in soliciting, negotiating, or procuring the making of any insurance contract on behalf of an insured other than himself, herself, or itself.

Subd. 3. [REINSURANCE INTERMEDIARY.] "Reinsurance intermediary" means a person, firm, association, or corporation who acts as a producer in soliciting, negotiating, or procuring the making of a reinsurance contract or binder on behalf of a ceding insurer or acts as a producer in accepting any reinsurance contract or binder on behalf of an assuming insurer.

Subd. 4. [CONTROL.] "Control" or "controlled" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a contract for goods or nonmanagement services, or otherwise. Control is presumed to exist if a person, directly or indirectly, owns, controls, holds with the powers to vote, or holds proxies representing a majority of the outstanding voting securities of any other person. No person is considered to control another person solely by reason of being an officer or director of the other person.

Subd. 5. [LICENSED PROPERTY/CASUALTY INSURER.] "Licensed property/casualty insurer" or "insurer" means a person, firm, association, or corporation licensed to transact a property/casualty insurance business in this state and that issues policies covered by chapter 60C. The following are not licensed property/casualty insurers for the purposes of sections 60J.01 to 60J.05:

(1) all nonadmitted insurers;

(2) all risk retention groups as defined in the Superfund Amendments Reauthorization Act of 1986, Public Law Number 99-499, 100 Stat. 1613 (1986) and the Risk Retention Act, United States Code, title 15, section 3901 et seq. and chapter 60E;

(3) all residual market pools and joint underwriting authorities or associations; and

(4) all captive insurers. This term includes insurance companies owned by another organization whose exclusive purpose is to insure risks of the parent organization and affiliated companies or, in the case of groups and associations, insurance organizations owned by

the insureds whose exclusive purpose is to insure risks of member organizations and/or group members and their affiliates.

Subd. 6. [INDEPENDENT CASUALTY ACTUARY.] "Independent casualty actuary" means a casualty actuary who is a member of the American Academy of Actuaries and who is not affiliated with, nor an employee, principal, nor the direct or indirect owner of, or in any way controlled by the insurer or producer.

Subd. 7. [VIOLATION.] "Violation" means a finding by the commissioner that:

(1) the controlling producer did not materially comply with section 3;

(2) the controlled insurer, with respect to business placed by the controlling producer, engaged in a pattern of charging premiums that were lower than those being charged by the insurer or other insurers for similar risks written during the same period and placed by noncontrolling producers. When determining whether premiums were lower than those prevailing in the market, the commissioner shall take into consideration applicable industry or actuarial standards at the time the business was written;

(3) the controlling producer failed to maintain records, sufficient:

(i) to demonstrate that the producer's dealings with its controlled insurer were fair and equitable and in compliance with chapter 60D; and

(ii) to accurately disclose the nature and details of its transactions with the controlled insurer, including information necessary to support the charges or fees to the respective parties;

(4) the controlled insurer, with respect to business placed by the controlling producer, either failed to establish or deviated from its underwriting procedures;

(5) the controlled insurer's capitalization at the time the business was placed by the controlling producer and with respect to this business was not in compliance with criteria established by the commissioner or with the insurance law or rules adopted under it; or

(6) the controlling producer or the controlled insurer failed to substantially comply with the insurance holding company act, chapter 60D and any rules adopted under it.

Sec. 3. [60J.03] [LIMITATION ON BUSINESS PLACED WITH CONTROLLED INSURER.]

Subdivision 1. [PRODUCER LIMITATION.] No producer that has control of a licensed property/casualty insurer may directly or indirectly place business with the insurer in any transaction in which the producer, at the time the business is placed, is acting as such on behalf of the insured for any compensation, commission, or other thing of value, unless:

(1) there is a written contract between the controlling producer and the insurer, which contract has been approved by the board of directors of the insurer;

(2) the producer, before the effective date of the policy, shall deliver written notice to the prospective insured disclosing the relationship between the producer and the controlled insurer. The disclosure, signed by the insured, must be retained in the underwriting file until the filing of the report on examination covering the period in which the coverage is in effect. Except that, if the business is placed through a subproducer who is not a controlling producer, the controlling producer shall retain in the producer's records a signed commitment from the subproducer that the subproducer is aware of the relationship between the insurer and the producer and that the subproducer has or will notify the insured;

(3) all funds collected for the account of the insurer by the controlling producer must be paid, net of commissions, cancellations, and other adjustments, to the insurer no less often that quarterly;

(4) in addition to any other required loss reserve certification, the controlled insurer shall annually, on April 1 of each year, file with the commissioner an opinion of an independent casualty actuary, or other independent loss reserve specialist acceptable to the commissioner, reporting loss ratios for each line of business written and attesting to the adequacy of loss reserves established for losses incurred and outstanding as of year-end, including incurred but not reported, on business placed by the producer;

(5) the controlled insurer shall annually report to the commissioner the amount of commissions paid to the producer, the percentage the amount represents of the net premiums written and comparable amounts and percentage paid to noncontrolling producers for placements of the same kinds of insurance; and

(6) every controlled insurer shall have an audit committee of the board of directors composed of independent directors. Before approval of the annual financial statement, the audit committee shall meet with management, the insurer's independent certified public accountants, and an independent casualty actuary, or other independent loss reserve specialist acceptable to the commissioner, to review the adequacy of the insurer's loss reserves.

Subd. 2. [REINSURANCE INTERMEDIARY LIMITATION.] No reinsurance intermediary that has control of an assuming insurer may directly or indirectly place business with the insurer in any transaction in which the reinsurance intermediary is acting as a broker on behalf of the ceding insurer. No reinsurance intermediary that has control of a ceding insurer may directly or indirectly accept business from the insurer in any transaction in which the reinsurance intermediary is acting as a producer on behalf of the assuming insurer. The prohibitions in this subdivision do not apply to a reinsurance intermediary that makes a full and complete written disclosure to the parties of its relationship with the assuming or ceding insurer before completion of the transaction.

Sec. 4. [60J.04] [LIABILITY OF CONTROLLING PRODUCER IN THE EVENT OF INSOLVENCY OF CONTROLLED INSURER.]

Subdivision 1. [INITIATION OF ACTION.] If the commissioner has reason to believe that a controlling producer has committed or is committing an act that could be determined to be a violation of sections 60J.01 to 60J.05, the commissioner shall serve upon the controlling producer, in the manner provided by chapter 14, a statement of the charges and notice of a hearing to be conducted in accordance with chapter 14, at a time not less than 30 days after the service of the notice and at a place fixed in the notice.

Subd. 2. [HEARING.] At the hearing, the commissioner shall establish that the controlling producer engaged in a violation of sections 60J.01 to 60J.05. The controlling producer shall have an opportunity to be heard and to present evidence rebutting the charges and to establish that the insolvency of the controlled insurer arose out of events not attributable to the violation. The decision, determination, or order of the commissioner is subject to judicial review pursuant to chapter 14.

Subd. 3. [PENALTY.] Upon finding that the controlling producer committed a violation, and the controlling producer failed to establish that the violation did not substantially contribute to the insolvency, the controlling producer shall reimburse the state guaranty funds for all payments made for losses, loss adjustment, and administrative expenses on the business placed by the producer in excess of gross earned premiums and investment income earned on premiums and loss reserves for the business.

Subd. 4. [OTHER PENALTIES.] Nothing contained in this section affects the right of the commissioner to impose any other penalties provided for in the insurance laws.

Sec. 5. [60J.05] [SCOPE.]

Nothing contained in sections 60J.01 to 60J.05 is intended to or in

any manner alters or affects the rights of policyholders, claimants, creditors, or other third parties.

Sec. 6. [EFFECTIVE DATE.]

This article is effective August 1, 1991.

ARTICLE 14

INSURANCE HOLDING COMPANY SYSTEMS

Section 1. Minnesota Statutes 1990, section 60A.07, subdivision 5d, is amended to read:

Subd. 5d. [APPLICATION.] All insurance companies shall meet the requirements of subdivisions 5a to 5d, except as provided in this subdivision. Any company authorized to transact a particular kind of insurance as specified in section 60A.06, subdivision 1, on April 9, 1976 may continue until January 1, 1983 to conduct the same kind of insurance by meeting and maintaining the applicable capital, surplus, and guaranty fund requirements which were in effect immediately prior to April 9, 1976. On and after January 1, 1983, all companies shall be required to meet the applicable capital, constantly maintained surplus, and guaranty fund requirements of subdivisions 5a, 5b, and 5c.

Notwithstanding the foregoing provisions of this subdivision with respect to the deferred date of compliance, after April 9, 1976:

(1) Any insurance company which seeks authority to transact an additional kind of insurance shall, as a condition to the granting of the authority, immediately comply with the applicable capital, constantly maintained surplus, and guaranty fund requirements of subdivisions 5a, 5b, and 5c for all of its authorized kinds of business.

(2) If any person acquires control of an insurance company, the insurance company shall as of the date of the acquisition of control comply with the applicable capital, constantly maintained surplus, and guaranty fund requirements of subdivisions 5a, 5b, and 5c for all of its authorized kinds of business. For purposes of this clause, the term "control" shall be defined as provided in section ~~60D.01~~ 60D.15, subdivision 4, and the term "person" shall be defined as provided in section ~~60D.01~~ 60D.15, subdivision 7.

Sec. 2. [60D.15] [DEFINITIONS.]

Subdivision 1. [TERMS.] For purposes of this article, the terms in subdivisions 2 to 10 have the meanings given them, unless the context otherwise requires.

Subd. 2. [AFFILIATE.] An "affiliate" of, or person "affiliated" with, a specific person, is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

Subd. 3. [COMMISSIONER.] The term "commissioner" means the commissioner of commerce, the commissioner's deputies, or the commerce department, as appropriate.

Subd. 4. [CONTROL.] The term "control," including the terms "controlling," "controlled by," and "under common control with," means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control is be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent or more of the voting securities of any other person. This presumption may be rebutted by a showing made in the manner provided by section 6, subdivision 11, that control does not exist in fact. The commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support such determination, that control exists in fact, notwithstanding the absence of a presumption to that effect.

Subd. 5. [INSURANCE HOLDING COMPANY SYSTEM.] An "insurance holding company system" consists of two or more affiliated persons, one or more of which is an insurer.

Subd. 6. [INSURER.] The term "insurer" means a company qualified and licensed by the commissioner to transact the business of insurance, but does not include an insurance solicitor, agent, or agency. The term also does not include:

(1) agencies, authorities, or instrumentalities of the United States, its possessions and territories, the commonwealth of Puerto Rico, the District of Columbia, or a state or political subdivision of a state;

(2) fraternal benefit societies; or

(3) nonprofit medical and hospital service associations.

Subd. 7. [PERSON.] A "person" is an individual, a corporation, a partnership, an association, a joint stock company, a trust, an unincorporated organization, any similar entity or any combination of the foregoing acting in concert, but does not include any joint

venture partnership exclusively engaged in owning, managing, leasing, or developing real or tangible personal property.

Subd. 8. [SECURITY HOLDER.] A "security holder" of a specified person is one who owns any security of the person, including common stock, preferred stock, debt obligations, and any other security convertible into or evidencing the right to acquire any security of the person.

Subd. 9. [SUBSIDIARY.] A "subsidiary" of a specified person is an affiliate controlled by the person directly or indirectly through one or more intermediaries.

Subd. 10. [VOTING SECURITY.] The term "voting security" includes any security convertible into or evidencing a right to acquire a voting security.

Sec. 3. [60D.16] [SUBSIDIARIES OF INSURERS.]

Subdivision 1. [AUTHORIZATION.] A domestic insurer, either by itself or in cooperation with one or more persons, may organize or acquire one or more subsidiaries engaged in the following kinds of business:

(1) any kind of insurance business authorized by the jurisdiction in which it is incorporated;

(2) acting as an insurance broker or as an insurance agent for its parent or for any of its parent's insurer subsidiaries;

(3) investing, reinvesting, or trading in securities for its own account, that of its parent, any subsidiary of its parent, or any affiliate or subsidiary;

(4) management of any investment company subject to or registered pursuant to the Investment Company Act of 1940, as amended, including related sales and services;

(5) acting as a broker-dealer subject to or registered pursuant to the Securities Exchange Act of 1934, as amended;

(6) rendering investment advice to governments, government agencies, corporations, or other organizations or groups;

(7) rendering other services related to the operations of an insurance business including, but not limited to, actuarial, loss prevention, safety engineering, data processing, accounting, claims, appraisal, and collection services;

(8) ownership and management of assets that the parent corporation could itself own or manage;

(9) acting as administrative agent for a governmental instrumentality which is performing an insurance function;

(10) financing of insurance premiums, agents, and other forms of consumer financing;

(11) any other business activity determined by the commissioner to be reasonably ancillary to an insurance business; and

(12) owning a corporation or corporations engaged or organized to engage exclusively in one or more of the businesses specified in this section.

Subd. 2. [ADDITIONAL INVESTMENT AUTHORITY.] In addition to investments in common stock, preferred stock, debt obligations, and other securities otherwise permitted, a domestic insurer may also:

(a) Invest, in common stock, preferred stock, debt obligations, and other securities of one or more subsidiaries, amounts that do not exceed the lesser of ten percent of the insurer's assets or 50 percent of the insurer's surplus as regards policyholders, provided that after the investments, the insurer's surplus as regards policyholders will be reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs. In calculating the amount of these investments, investments in domestic or foreign insurance subsidiaries must be excluded, and there must be included:

(1) total net money or other consideration expended and obligations assumed in the acquisition or formation of a subsidiary, including all organizational expenses and contributions to capital and surplus of the subsidiary whether or not represented by the purchase of capital stock or issuance of other securities; and

(2) all amounts expended in acquiring additional common stock, preferred stock, debt obligations, and other securities and all contributions to the capital or surplus, of a subsidiary subsequent to its acquisition or formation.

(b) Invest any amount in common stock, preferred stock, debt obligations, and other securities of one or more subsidiaries engaged or organized to engage exclusively in the ownership and management of assets authorized as investments for the insurer provided that the subsidiary agrees to limit its investments in any asset so that the investments will not cause the amount of the total investment of the insurer to exceed any of the investment limitations specified in paragraph (a) or other statutes applicable to the insurer.

For the purpose of this paragraph, "the total investment of the insurer" includes:

(1) any direct investment by the insurer in an asset; and

(2) the insurer's proportionate share of any investment in an asset by any subsidiary of the insurer, which must be calculated by multiplying the amount of the subsidiary's investment by the percentage of the ownership of the subsidiary.

(c) With the approval of the commissioner, invest any greater amount in common stock, preferred stock, debt obligations, or other securities of one or more subsidiaries, if after the investment the insurer's surplus as regards policyholders will be reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs.

Subd. 3. [EXEMPTION FROM INVESTMENT RESTRICTIONS.] Investments in common stock, preferred stock, debt obligations, or other securities of subsidiaries made pursuant to subdivision 2 are not subject to any of the otherwise applicable restrictions or prohibitions applicable to these investments of insurers.

Subd. 4. [QUALIFICATION OF INVESTMENT; WHEN DETERMINED.] Whether any investment pursuant to subdivision 2 meets the applicable requirements is to be determined before the investment is made, by calculating the applicable investment limitations as though the investment had already been made, taking into account the then outstanding principal balance on all previous investments in debt obligations, and the value of all previous investments in equity securities as of the day they were made, net of any return of capital invested, not including dividends.

Subd. 5. [CESSATION OF CONTROL.] If an insurer ceases to control a subsidiary, it shall dispose of any investment in it made pursuant to this section within three years from the time of the cessation of control or within any further time the commissioner prescribes, unless at any time after the investment has been made, the investment meets the requirements for investment under any other provision of law, and the insurer has notified the commissioner of this fact.

Sec. 4. [60D.17] [ACQUISITION OF CONTROL OF OR MERGER WITH DOMESTIC INSURER.]

Subdivision 1. [FILING REQUIREMENTS.] No person other than the issuer shall make a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities or, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation

thereof, the person would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of the insurer. No person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer or any person controlling a domestic insurer unless, at the time the offer, request, or *invitation* is made or the agreement is entered into, or before the acquisition of the securities if no offer or agreement is involved, the person has filed with the commissioner and has sent to the insurer, a statement containing the information required by this section and the offer, request, invitation, agreement, or acquisition has been approved by the commissioner in the manner prescribed in this section.

For purposes of this section, a domestic insurer includes a person controlling a domestic insurer unless the person as determined by the commissioner is either directly or through its affiliates primarily engaged in business other than the business of insurance. However, the person shall file a preacquisition notification with the commissioner containing the information set forth in section 5, subdivision 3, paragraph (b), 30 days before the proposed effective date of the acquisition. Failure to file is subject to section 5, subdivision 5. For the purposes of this section, "person" does not *include any securities broker holding*, in the usual and customary brokers function, less than 20 percent of the voting securities of an insurance company or of any person that controls an insurance company.

Subd. 2. [CONTENT OF STATEMENT.] The statement to be filed with the commissioner shall be made under oath or affirmation and shall contain the following information:

(a) The name and address of each person by whom or on whose behalf the merger or other acquisition of control referred to in subdivision 1 is to be effected, hereinafter called "acquiring party"; and

(1) if the person is an individual, the principal occupation and all offices and positions held during the past five years, and any conviction of crimes other than minor traffic violations during the past ten years; and

(2) if the person is not an individual, a report of the nature of its business operations during the past five years or for a lesser period as the person and any predecessors have been in existence; an informative description of the business intended to be done by the person and the person's subsidiaries; and a list of all individuals who are or who have been selected to become directors or executive officers of such person, or who perform or will perform functions appropriate to such positions. The list must include for each individual the information required by clause (1).

(b) The source, nature, and amount of the consideration used or to

be used in effecting the merger or other acquisition of control, a description of any transaction in which funds were or are to be obtained for this purpose, including any pledge of the insurer's stock, or the stock of any of its subsidiaries or controlling affiliates, and the identity of persons furnishing the consideration, provided, however, that where a source of the consideration is a loan made in the lender's ordinary course of business, the identity of the lender shall remain confidential, if the person filing the statement so requests.

(c) Fully audited financial information as to the earnings and financial condition of each acquiring party for the preceding five fiscal years of each acquiring party, or for a lesser period as the acquiring party and any predecessors have been in existence, and similar unaudited information as of a date not earlier than 90 days before the filing of the statement.

(d) Any plans or proposals that each acquiring party may have to liquidate the insurer, to sell its assets or merge or consolidate it with any person, or to make any other material change in its business or corporate structure or management.

(e) The number of shares of any security referred to in subdivision 1 that each acquiring party proposes to acquire, and the terms of the offer, request, invitation, agreement, or acquisition referred to in subdivision 1, and a statement as to the method by which the fairness of the proposal was arrived at.

(f) The amount of each class of any security referred to in subdivision 1 that is beneficially owned or concerning which there is a right to acquire beneficial ownership by each acquiring party.

(g) A full description of any contracts, arrangements, or understandings with respect to any security referred to in subdivision 1 in which any acquiring party is involved, including but not limited to, transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. The description must identify the persons with whom the contracts, arrangements, or understandings have been entered into.

(h) A description of the purchase of any security referred to in subdivision 1 during the 12 calendar months preceding the filing of the statement, by any acquiring party, including the dates of purchase, names of the purchasers, and consideration paid or agreed to be paid for it.

(i) A description of any recommendations to purchase any security referred to in subdivision 1 made during the 12 calendar months preceding the filing of the statement, by any acquiring party, or by

anyone based upon interviews or at the suggestion of the acquiring party.

(j) Copies of all tender offers for, requests, or invitations for tenders of, exchange offers for, and agreements to acquire or exchange any securities referred to in subdivision 1 and, if distributed, of additional soliciting material relating to them.

(k) The term of any agreement, contract, or understanding made with or proposed to be made with any broker-dealer as to solicitation of securities referred to in subdivision 1 for tender, and the amount of any fees, commissions, or other compensation to be paid to broker-dealers with regard to it.

(l) Additional information the commissioner may by rule prescribe as necessary or appropriate for the protection of policyholders of the insurer or in the public interest.

If the person required to file the statement referred to in subdivision 1 is a partnership, limited partnership, syndicate, or other group, the commissioner may require that the information called for by paragraphs (a) to (l) must be given with respect to each partner of the partnership or limited partnership, each member of the syndicate or group, and each person who controls the partner or member. If a partner, member, or person is a corporation, or the person required to file the statement referred to in subdivision 1 is a corporation the commissioner may require that the information called for by paragraphs (a) to (l) be given with respect to the corporation, each officer and director of the corporation, and each person who is directly or indirectly the beneficial owner of more than ten percent of the outstanding voting securities of the corporation.

If any material change occurs in the facts set forth in the statement filed with the commissioner and sent to the insurer pursuant to this section, an amendment setting forth the change, together with copies of all documents and other material relevant to the change, must be filed with the commissioner and sent to the insurer within two business days after the person learns of the change.

Subd. 3. [ALTERNATIVE FILING MATERIALS.] If any offer, request, invitation, agreement, or acquisition referred to in subdivision 1 is proposed to be made by means of a registration statement under the Securities Act of 1933, or in circumstances requiring the disclosure of similar information under the Securities Exchange Act of 1934, or under a state law requiring similar registration or disclosure, the person required to file the statement referred to in subdivision 1 may utilize these documents in furnishing the information called for by that statement.

Subd. 4. [APPROVAL BY COMMISSIONER; HEARINGS.] (a) The commissioner shall approve any merger or other acquisition of control referred to in subdivision 1 unless, after a public hearing, the commissioner finds that:

(1) After the change of control, the domestic insurer referred to in subdivision 1 would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

(2) The effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein in applying the competitive standard in this subdivision:

(i) the informational requirements of section 5, subdivision 3, paragraph (b), and the standards of section 5, subdivision 4, paragraph (c), shall apply;

(ii) the merger or other acquisition shall not be disapproved if the commissioner finds that any of the situations meeting the criteria provided by section 5, subdivision 4, paragraph (c), exist; and

(iii) the commissioner may condition the approval of the merger or other acquisition on the removal of the basis of disapproval within a specified period of time;

(3) The financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders;

(4) The plans or proposals that the acquiring party has to liquidate the insurer, sell its assets, or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the insurer and not in the public interest;

(5) The competence, experience, and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; or

(6) The acquisition is likely to be hazardous or prejudicial to the insurance buying public.

(b) The public hearing referred to in paragraph (a) must be held 30 days after the statement required by subdivision 1 is filed, and at least 20 days notice of it shall be given by the commissioner to the person filing the statement. Not less than seven days notice of the public hearing shall be given by the person filing the statement to

the insurer and to other persons designated by the commissioner. The commissioner shall make a determination within 30 days after the conclusion of the hearing. At the hearing, the person filing the statement, the insurer, any person to whom notice of hearing was sent, and any other person whose interest may be affected by it may present evidence, examine and cross-examine witnesses, and offer oral and written arguments and may conduct discovery proceedings in the same manner as is presently allowed in the district courts of this state. All discovery proceedings must be concluded not later than three days before the start of the public hearing.

(c) The commissioner may retain at the acquiring person's expense any attorneys, actuaries, accountants, and other experts not otherwise a part of the commissioner's staff as may be reasonably necessary to assist the commissioner in reviewing the proposed acquisition of control.

Subd. 5. [EXEMPTIONS.] This section does not apply to:

(1) Any transaction that is subject to section 60A.16, dealing with the merger or consolidation of two or more insurers.

(2) Any offer, request, invitation, agreement, or acquisition that the commissioner by order exempts from this section as (i) not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer, or (ii) as otherwise not comprehended within the purposes of this section.

Subd. 6. [VIOLATIONS.] The following are violations of this section:

(1) the failure to file any statement, amendment, or other material required to be filed pursuant to subdivision 1 or 2; or

(2) the effectuation or any attempt to effectuate an acquisition of control of, or merger with, a domestic insurer unless the commissioner has approved it.

Subd. 7. [JURISDICTION, CONSENT TO SERVICE OF PROCESS.] The courts of this state have jurisdiction over every person not resident, domiciled, or authorized to do business in this state who files a statement with the commissioner under this section, and overall actions involving the person arising out of violations of this section, and the person is deemed to have performed acts equivalent to and constituting an appointment by the person of the commissioner to be the person's true and lawful attorney upon whom may be served all lawful process in any action, suit, or proceeding arising out of violations of this section. Copies of all lawful process shall be served on the commissioner and transmitted by registered or

certified mail by the commissioner to the person at the person's last known address.

Sec. 5. [60D.18] [ACQUISITIONS INVOLVING INSURERS NOT OTHERWISE COVERED.]

Subdivision 1. [DEFINITIONS.] The following definitions apply for the purposes of this section only:

(a) "Acquisition" means an agreement, arrangement, or activity the consummation of which results in a person acquiring directly or indirectly the control of another person, and includes, but is not limited to, the acquisition of voting securities, the acquisition of assets, bulk reinsurance, and mergers.

(b) An "involved insurer" includes an insurer that either acquires or is acquired, is affiliated with an acquirer or acquired, or is the result of a merger.

Subd. 2. [SCOPE.] (a) Except as exempted in paragraph (b), this section applies to any acquisition in which there is a change in control of an insurer authorized to do business in this state.

(b) This section does not apply to the following:

(1) an acquisition subject to approval or disapproval by the commissioner pursuant to section 4;

(2) a purchase of securities solely for investment purposes so long as such securities are not used by voting or otherwise to cause or attempt to cause the substantial lessening of competition in any insurance market in this state. If a purchase of securities results in a presumption of control under section 2, subdivision 4, it is not solely for investment purposes unless the commissioner of the insurer's state of domicile accepts a disclaimer of control or affirmatively finds that control does not exist and such disclaimer action or affirmative finding is communicated by the domiciliary commissioner to the commissioner of this state;

(3) the acquisition of a person by another person when both persons are neither directly nor through affiliates primarily engaged in the business of insurance, if preacquisition notification is filed with the commissioner in accordance with subdivision 3, paragraph (a), 30 days before the proposed effective date of the acquisition. However, the preacquisition notification is not required for exclusion from this section, if the acquisition would otherwise be excluded from this section by any other clause of this paragraph;

(4) the acquisition of already affiliated persons;

(5) an acquisition if, as an immediate result of the acquisition;

(i) in no market would the combined market share of the involved insurers exceed five percent of the total market;

(ii) there would be no increase in any market share; or

(iii) in no market would the combined market share of the involved insurers exceeds 12 percent of the total market; and the market share increases by more than two percent of the total market.

For the purpose of this clause, a market means direct written insurance premium in this state for a line of business as contained in the annual statement required to be filed by insurers licensed to do business in this state;

(6) an acquisition for which a preacquisition notification would be required pursuant to this section due solely to the resulting effect on the ocean marine insurance line of business; and

(7) an acquisition of an insurer whose domiciliary commissioner affirmatively finds that the insurer is in failing condition; there is a lack of feasible alternative to improving the condition; the public benefits of improving the insurer's condition through the acquisition exceed the public benefits that would arise from not lessening competition; and the findings are communicated by the domiciliary commissioner to the commissioner of this state.

Subd. 3. [PREACQUISITION NOTIFICATION; WAITING PERIOD.] (a) An acquisition covered by subdivision 2 may be subject to an order pursuant to subdivision 4 unless the acquiring person files a preacquisition notification and the waiting period has expired. The acquired person may file a preacquisition notification. The commissioner shall give confidential treatment to information submitted under this section in the same manner as provided in section 9.

(b) The preacquisition notification must be in the form and contain the information as prescribed by the National Association of Insurance Commissioners relating to those markets that, under subdivision 2, paragraph (b), clause (5), cause the acquisition not to be exempted from the provisions of this section. The commissioner may require the additional material and information as the commissioner deems necessary to determine whether the proposed acquisition, if consummated, would violate the competitive standard of subdivision 4. The required information may include an opinion of an economist as to the competitive impact of the acquisition in this state accompanied by a summary of the education and experience of

the person indicating that person's ability to render an informed opinion.

(c) The waiting period required begins on the date of receipt of the commissioner of a preacquisition notification and ends on the earlier of the 30th day after the date of its receipt, or termination of the waiting period by the commissioner. Before the end of the waiting period, the commissioner on a one-time basis may require the submission of additional needed information relevant to the proposed acquisition, in which event the waiting period shall end on the earlier of the 30th day after receipt of the additional information by the commissioner or termination of the waiting period by the commissioner.

Subd. 4. [COMPETITIVE STANDARD.] (a) The commissioner may enter an order under subdivision 5 with respect to an acquisition if there is substantial evidence that the effect of the acquisition may be substantially to lessen competition in any line of insurance in this state or tend to create a monopoly therein or if the insurer fails to file adequate information in compliance with subdivision 3.

(b) In determining whether a proposed acquisition would violate the competitive standard of paragraph (a), the commissioner shall consider the following:

(1) any acquisition covered under subdivision 2 involving two or more insurers competing in the same market is prima facie evidence of violation of the competitive standards:

(i) if the market is highly concentrated and the involved insurers possess the following shares of the market:

INSURER A	INSURER B
4 percent	4 percent or more
10 percent	2 percent or more
15 percent	1 percent or more

(ii) or, if the market is not highly concentrated and the involved insurers possess the following shares of the market:

INSURER A	INSURER B
5 percent	5 percent or more
10 percent	4 percent or more
15 percent	3 percent or more
19 percent	1 percent or more

A highly concentrated market is one in which the share of the four largest insurers is 75 percent or more of the market. Percentages not shown in the tables are interpolated proportionately to the percentages that are shown. If more than two insurers are involved,

exceeding the total of the two columns in the table is prima facie evidence of violation of the competitive standard in paragraph (a). For the purpose of this clause, the insurer with the largest share of the market shall be deemed to be insurer A.

(2) There is a significant trend toward increased concentration when the aggregate market share of any grouping of the largest insurers in the market, from the two largest to the eight largest, has increased by seven percent or more of the market over a period of time extending from any base year five to ten years prior to the acquisition up to the time of the acquisition. Any acquisition or merger covered under subdivision 2 involving two or more insurers competing in the same market is prima facie evidence of violation of the competitive standard in clause (1) if:

(i) there is a significant trend toward increased concentration in the market;

(ii) one of the insurers involved is one of the insurers in a grouping of such large insurers showing the requisite increase in the market share; and

(iii) another involved insurer's market is two percent or more.

(3) For the purposes of paragraph (b):

(i) The term "insurer" includes any company or group of companies under common management, ownership, or control.

(ii) The term "market" means the relevant product and geographical markets. In determining the relevant product and geographical markets, the commissioner shall give due consideration to, among other things, the definitions or guidelines, if any, promulgated by the National Association of Insurance Commissioners and to information, if any, submitted by parties to the acquisition. In the absence of sufficient information to the contrary, the relevant product market is assumed to be the direct written insurance premium for a line of business, the line being that used in the annual statement required to be filed by insurers doing business in this state, and the relevant geographical market is assumed to be this state.

(iii) The burden of showing prima facie evidence of violation of the competitive standard rests upon the commissioner.

(iv) Even though an acquisition is not prima facie violative of the competitive standard under paragraph (b), clauses (1) and (2), the commissioner may establish the requisite anticompetitive effect based upon other substantial evidence. Even though an acquisition is prima facie violative of the competitive standard under paragraph

(b), clauses (1) and (2), a party may establish the absence of the requisite anticompetitive effect based upon other substantial evidence. Relevant factors in making a determination under this paragraph include, but are not limited to, the following: market shares, volatility of ranking of market leaders, number of competitors, concentration, trend of concentration in the industry, and ease of entry and exit into the market.

(c) An order may not be entered under subdivision 5 if:

(1) the acquisition will yield substantial economies of scale or economies in resource utilization that cannot be feasibly achieved in any other way, and the public benefits which would arise from such economies exceed the public benefits which would arise from not lessening competition; or

(2) the acquisition will substantially increase the availability of insurance, and the public benefits of such increase exceed the public benefits which would arise from not lessening competition.

Subd. 5. [ORDERS AND PENALTIES.] If an acquisition violates the standards of this section, the commissioner may enter an order:

(1) requiring an involved insurer to cease and desist from doing business in this state with respect to the line or lines of insurance involved in the violation; or

(2) denying the application of an acquired or acquiring insurer for a license to do business in this state.

The order must not be entered unless there is a hearing, the notice of the hearing is issued before the end of the waiting period and not less than 15 days before the hearing, and the hearing is concluded and the order is issued no later than 60 days after the end of the waiting period. Every order must be accompanied by a written decision of the commissioner setting forth findings of fact and conclusions of law.

An order entered under this paragraph shall not become final earlier than 30 days after it is issued, during which time the involved insurer may submit a plan to remedy the anticompetitive impact of the acquisition within a reasonable time. Based upon the plan or other information, the commissioner shall specify the conditions, if any, under the time period during which the aspects of the acquisition causing a violation of the standards of this section would be remedied and the order vacated or modified.

An order pursuant to this subdivision does not apply if the acquisition is not consummated.

Any person who violates a cease and desist order of the commissioner and while the order is in effect, may after notice and hearing and upon order of the commissioner, be subject at the discretion of the commissioner to any one or more of the following:

(1) a monetary penalty of not more than $10,000 for every day of violation;

(2) suspension or revocation of the person's license.

Any insurer or other person who fails to make any filing required by this section and who also fails to demonstrate a good faith effort to comply with the filing requirement, is be subject to a fine of not more than $50,000.

Subd. 6. [INAPPLICABLE PROVISIONS.] Sections 11, paragraphs (b) and (c); and 13 do not apply to acquisitions covered under section 5, subdivision 2.

Sec. 6. [60D.19] [REGISTRATION OF INSURERS.]

Subdivision 1. [REGISTRATION.] Every insurer that is authorized to do business in this state and that is a member of an insurance holding company system shall register with the commissioner, except a foreign insurer subject to registration requirements and standards adopted by statute or regulation in the jurisdiction of its domicile that are substantially similar to those contained in:

(1) this section;

(2) section 7, subdivisions 1, paragraph (a), 2, and 4; and

(3) either section 7, subdivision 1, paragraph (b), or a provision such as the following: Each registered insurer shall keep current the information required to be disclosed in its registration statement by reporting all material changes or additions within 15 days after the end of the month in which it learns of each such change or addition.

Any insurer that is subject to registration under this section shall register within 15 days after it becomes subject to registration, and annually thereafter by March 1 of each year for the previous calendar year, unless the commissioner for good cause shown extends the time for registration, and then within such extended time. The commissioner may require any insurer authorized to do business in the state that is a member of a holding company system, and that is not subject to registration under this section, to furnish a copy of the registration statement, the summary specified in subdivision 3 or other information filed by the insurance company with the insurance regulatory authority of domiciliary jurisdiction.

Subd. 2. [INFORMATION AND FORM REQUIRED.] Every insurer subject to registration shall file the registration statement on a form prescribed by the National Association of Insurance Commissioners, which shall contain the following current information:

(1) the capital structure, general financial condition, ownership, and management of the insurer and any person controlling the insurer;

(2) the identity and relationship of every member of the insurance holding company system;

(3) the following agreements in force, and transactions currently outstanding or that have occurred during the last calendar year between the insurer and its affiliates:

(i) loans, other investments, or purchases, sales, or exchanges of securities of the affiliates by the insurer or of the insurer by its affiliates;

(ii) purchases, sales, or exchange of assets;

(iii) transactions not in the ordinary course of business;

(iv) guarantees or undertakings for the benefit of an affiliate which result in an actual contingent exposure of the insurer's assets to liability, other than insurance contracts entered into in the ordinary course of the insurer's business;

(v) all management agreements, service contracts, and all cost-sharing arrangements;

(vi) reinsurance agreements;

(vii) dividends and other distributions to shareholders; and

(viii) consolidated tax allocation agreements;

(4) any pledge of the insurer's stock, including stock of any subsidiary or controlling affiliate, for a loan made to any member of the insurance holding company system; and

(5) other matters concerning transactions between registered insurers and any affiliates as may be included from time to time in any registration forms adopted or approved by the commissioner.

Subd. 3. [SUMMARY OF REGISTRATION STATEMENT.] All registration statements must contain a summary outlining all items in the current registration statement representing changes from the prior registration statement.

Subd. 4. [MATERIALITY.] No information need be disclosed on the registration statement filed pursuant to subdivision 2 if the information is not material for the purposes of this section. Unless the commissioner by rule or order provides otherwise; sales, purchases, exchanges, loans or extensions of credit, investments, or guarantees involving one-half of one percent or less of an insurer's admitted assets as of the 31st day of December next preceding shall not be deemed material for purposes of this section.

Subd. 5. [REPORTING OF DIVIDENDS TO SHAREHOLDERS.] Subject to section 6, subdivision 2, each registered insurer shall report to the commissioner all dividends and other distributions to shareholders within 15 business days following the declaration thereof.

Subd. 6. [INFORMATION OF INSURERS.] Any person within an insurance holding company system subject to registration shall be required to provide complete and accurate information to an insurer where such information is reasonably necessary to enable the insurer to comply with the provisions of this article.

Subd. 7. [TERMINATION OF REGISTRATION.] The commissioner shall terminate the registration of any insurer which demonstrates that it no longer is a member of an insurance holding company system.

Subd. 8. [CONSOLIDATED FILING.] The commissioner may require or allow two or more affiliated insurers subject to registration to file a consolidated registration statement.

Subd. 9. [ALTERNATIVE REGISTRATION.] The commissioner may allow an insurer that is authorized to do business in this state and that is part of an insurance holding company system to register on behalf of any affiliated insurer that is required to register under subdivision 1 and to file all information and material required to be filed under this section.

Subd. 10. [EXEMPTIONS.] The provisions of this section do not apply to any insurer, information, or transaction if and to the extent that the commissioner by rule or order shall exempt the same from the provisions of this section.

Subd. 11. [DISCLAIMER.] Any person may file with the commissioner a disclaimer of affiliation with any authorized insurer or the disclaimer may be filed by the insurer or any member of an insurance holding company system. The disclaimer shall fully disclose all material relationships and bases for affiliation between the person and the insurer as well as the basis for disclaiming the affiliation. After a disclaimer has been filed, the insurer shall be relieved of any duty to register or report under this section that may arise out of the insurer's relationship with the person unless and

until the commissioner disallows the disclaimer. The commissioner shall disallow the disclaimer only after furnishing all parties in interest with notice and opportunity to be heard and after making specific findings of fact to support the disallowance.

Subd. 12. [VIOLATIONS.] The failure to file a registration statement or any summary of the registration statement required by this section within the time specified for the filing is a violation of this section.

Sec. 7. [60D.20] [STANDARDS AND MANAGEMENT OF AN INSURER WITHIN A HOLDING COMPANY SYSTEM.]

Subdivision 1. [TRANSACTIONS WITHIN A HOLDING COMPANY SYSTEM.] (a) Transactions within a holding company system to which an insurer subject to registration is a party is subject to the following standards:

(1) the terms shall be fair and reasonable;

(2) charges or fees for services performed shall be reasonable;

(3) expenses incurred and payment received shall be allocated to the insurer in conformity with customary insurance accounting practices consistently applied;

(4) the books, accounts, and records of each party to all such transactions shall be so maintained as to clearly and accurately disclose the nature and details of the transactions including this accounting information as is necessary to support the reasonableness of the charges or fees to the respective parties; and

(5) the insurer's surplus as regards policyholders following any dividends or distributions to shareholder affiliates shall be reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs.

(b) The following transactions involving a domestic insurer and any person in its holding company system may not be entered into unless the insurer has notified the commissioner in writing of its intention to enter into the transaction at least 30 days prior thereto, or a shorter period the commissioner permits, and the commissioner has not disapproved it within this period.

(1) sales, purchases, exchanges, loans or extensions of credit, guarantees, or investments provided the transactions are equal to or exceed: (i) with respect to nonlife insurers, the lesser of three percent of the insurer's admitted assets, or 25 percent of surplus as regards policyholders; (ii) with respect to life insurers, three percent

of the insurer's admitted assets; each as of the 31st day of December next preceding;

(2) loans or extensions of credit to any person who is not an affiliate, where the insurer makes the loans or extensions of credit with the agreement or understanding that the proceeds of the transactions, in whole or in substantial part, are to be used to make loans or extensions of credit to, to purchase assets of, or to make investments in, any affiliate of the insurer making such loans or extensions of credit provided the transactions are equal to or exceed: (i) with respect to nonlife insurers, the lesser of three percent of the insurer's admitted assets or 25 percent of surplus as regards policyholders; (ii) with respect to life insurers, three percent of the insurer's admitted assets; each as of the 31st day of December next preceding;

(3) reinsurance agreements or modifications to those agreements in which the reinsurance premium or a change in the insurer's liabilities equals or exceeds five percent of the insurer's surplus as regards policyholders, as of the 31st day of December next preceding, including those agreements which may require as consideration the transfer of assets from an insurer to a nonaffiliate, if an agreement or understanding exists between the insurer and nonaffiliate that any portion of such assets will be transferred to one or more affiliates of the insurer;

(4) all management agreements, service contracts and all cost-sharing arrangements; and

(5) any material transactions, specified by regulation, which the commissioner determines may adversely affect the interests of the insurer's policyholders.

Nothing contained in this section authorizes or permits any transactions that, in the case of an insurer not a member of the same holding company system, would be otherwise contrary to law.

(c) A domestic insurer may not enter into transactions which are part of a plan or series of like transactions with persons within the holding company system if the purpose of those separate transactions is to avoid the statutory threshold amount and thus avoid the review that would occur otherwise. If the commissioner determines that the separate transactions were entered into over any 12-month period for the purpose, the commissioner may exercise the authority under section 12.

(d) The commissioner, in reviewing transactions pursuant to paragraph (b), shall consider whether the transactions comply with the standards set forth in paragraph (a), and whether they may adversely affect the interests of policyholders.

(e) The commissioner shall be notified within 30 days of any investment of the domestic insurer in any one corporation if the total investment in the corporation by the insurance holding company system exceeds ten percent of the corporation's voting securities.

Subd. 2. [DIVIDENDS AND OTHER DISTRIBUTIONS.] (a) No domestic insurer shall pay any extraordinary dividend or make any other extraordinary distribution to its shareholders until: (1) 30 days after the commissioner has received notice of the declaration of it and has not within the period disapproved the payment; or (2) the commissioner has approved the payment within the 30-day period.

(b) For purposes of this section, an extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding 12 months exceeds the greater of (1) ten percent of the insurer's surplus as regards policyholders as of the 31st day of December next preceding; or (2) the net gain from operations of the insurer, if the insurer is a life insurer, or the net income, if the insurer is not a life insurer, not including realized capital gains, for the 12-month period ending the 31st day of December next preceding, but does not include pro rata distributions of any class of the insurer's own securities. In determining whether a dividend or distribution is extraordinary, an insurer other than a life insurer may carry forward net income from the previous two calendar years that has not already been paid out as dividends. This carry-forward is computed by taking the net income from the second and third preceding calendar years, not including realized capital gains, less dividends paid in the second and immediate preceding calendar years.

(c) Notwithstanding any other provision of law, an insurer may declare an extraordinary dividend or distribution that is conditional upon the commissioner's approval, and the declaration shall confer no rights upon shareholders until: (1) the commissioner has approved the payment of such a dividend or distribution; or (2) the commissioner has not disapproved the payment within the 30-day period referred to above.

Subd. 3. [MANAGEMENT OF DOMESTIC INSURERS SUBJECT TO REGISTRATION.] (a) Notwithstanding the control of a domestic insurer by any person, the officers and directors of the insurer shall not thereby be relieved of any obligation or liability to which they would otherwise be subject by law, and the insurer shall be managed so as to assure its separate operating identity consistent with this article.

(b) Nothing in this article precludes a domestic insurer from having or sharing a common management use of personnel, prop-

erty, or services with one or more other persons under arrangements meeting the standards of section 7, paragraph (a), clause (1).

(c) Not less than one-third of the directors of a publicly traded domestic insurer, and not less than one-third of the members of each committee of the board of directors of any publicly traded domestic insurer shall be persons who are not officers or employees of the insurer or of any entity controlling, controlled by, or under common control with the insurer and who are not beneficial owners of a controlling interest in the voting stock of the insurer or any such entity. At least one such person must be included in any quorum for the transaction of business at any meeting of the board of directors or any committee of the board.

(d) The board of directors of a publicly traded domestic insurer shall establish an audit committee having a majority of directors who are not officers or employees of the insurer or of any entity controlling, controlled by, or under common control with the insurer and who are not beneficial owners of a controlling interest in the voting stock of the insurer or any such entity. The committee shall have responsibility for selecting independent certified public accountants and reviewing the scope and results of the independent audit and any internal audit.

(e) Paragraphs (c) and (d) do not apply to a domestic insurer if the person controlling the insurer is an insurer, or a general business corporation the principal business of which is insurance, having a board of directors and committees of the board that meet the requirements of paragraphs (c) and (d).

Subd. 4. [ADEQUACY OF SURPLUS.] For purposes of this article, in determining whether an insurer's surplus as regards policyholders is reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs, the following factors, among others, must be considered:

(1) the size of the insurer as measured by its assets, capital and surplus, reserves, premium writings, insurance in force and other appropriate criteria;

(2) the extent to which the insurer's business is diversified among the several lines of insurance;

(3) the number and size of risks insured in each line of business;

(4) the extent of the geographical dispersion of the insurer's insured risks;

(5) the nature and extent of the insurer's reinsurance program;

(6) the quality, diversification and liquidity of the insurer's investment portfolio;

(7) the recent past and projected future trend in the size of the insurer's investment portfolio;

(8) the surplus as regards policyholders maintained by other comparable insurers;

(9) the adequacy of the insurer's reserves; and

(10) the quality and liquidity of investments in affiliates. The commissioner may treat any such investment as a disallowed asset for purposes of determining the adequacy of surplus as regards policyholders whenever in the commissioner's judgment the investment so warrants.

Sec. 8. [60D.21] [EXAMINATION.]

Subdivision 1. [POWER OF COMMISSIONER.] Subject to the limitation contained in this section and in addition to the powers that the commissioner has under chapter 60A relating to the examination of insurers, the commissioner shall also have the power to order any insurer registered under section 60D.19 to produce records, books, or other information papers in the possession of the insurer or its affiliates as are reasonably necessary to ascertain the financial condition of the insurer or to determine compliance with this article. In the event the insurer fails to comply with the order, the commissioner shall have the power to examine the affiliates to obtain the information.

Subd. 2. [USE OF CONSULTANTS.] The commissioner may retain at the registered insurer's expense the attorneys, actuaries, accountants, and other experts not otherwise a part of the commissioner's staff that are reasonably necessary to assist in the conduct of the examination under subdivision 1. Any person so retained shall be under the direction and control of the commissioner and shall act in a purely advisory capacity.

Subd. 3. [EXPENSES.] Each registered insurer producing for examination records, books, and papers pursuant to subdivision 1 is liable for and shall pay the expense of the examination in accordance with section 60A.03.

Sec. 9. [60D.22] [CONFIDENTIAL TREATMENT.]

All information, documents, and copies of them obtained by or disclosed to the commissioner or any other person in the course of an examination or investigation made pursuant to section 7 and all information reported pursuant to sections 5 and 6, shall be given

confidential treatment and shall not be subject to subpoena and shall not be made public by the commissioner, the National Association of Insurance Commissioners, or any other person, except to insurance departments of other states, without the prior written consent of the insurer to which it pertains unless the commissioner, after giving the insurer and its affiliates who would be affected, notice and opportunity to be heard, determines that the interest of policyholders, shareholders, or the public will be served by the publication, in which event the commissioner may publish all or any part in the manner the commissioner considers appropriate.

Sec. 10. [60D.23] [RULES.]

The commissioner may adopt the rules and orders that are necessary to carry out the provisions of this article.

Sec. 11. [60D.24] [INJUNCTIONS, PROHIBITIONS AGAINST VOTING SECURITIES, SEQUESTRATION OF VOTING SECURITIES.]

Subdivision 1. [INJUNCTIONS.] Whenever it appears to the commissioner that any insurer or any director, officer, employee, or agent of the insurer has committed or is about to commit a violation of this article or of any rule or order issued by the commissioner, the commissioner may apply to the district court for the county in which the principal office of the insurer is located or if the insurer has no such office in this state then to the district court for Ramsey county for an order enjoining the insurer or the director, officer, employee, or agent of the insurer from violating or continuing to violate this article or any rule or order, and for other equitable relief as the nature of the case and the interest of the insurer's policyholders, creditors and shareholders, or the public requires.

Subd. 2. [VOTING OF SECURITIES; WHEN PROHIBITED.] No security that is the subject of any agreement or arrangement regarding acquisition, or that is acquired or to be acquired, in contravention of the provisions of this article or of any rule or order issued by the commissioner may be voted at any shareholder's meeting, or may be counted for quorum purposes, and any action of shareholders requiring the affirmative vote of a percentage of shares may be taken as though the securities were not issued and outstanding. No action taken at the meeting shall be invalidated by the voting of the securities, unless the action would materially affect control of the insurer or unless the courts of this state have so ordered. If an insurer or the commissioner has reason to believe that any security of the insurer has been or is about to be acquired in contravention of the provisions of this article or of any rule or order issued by the commissioner, the insurer or the commissioner may apply to the district court for the county in which the insurer has its principal place of business to enjoin any offer, request, invitation, agreement, or acquisition made in contravention of section 3 or any

rule or order issued by the commissioner to enjoin the voting of any security so acquired, to void any vote of the security already cast at any meeting of shareholders and for other equitable relief as the nature of the case and the interest of the insurer's policyholders, creditor and shareholders, or the public requires.

Subd. 3. [SEQUESTRATION OF VOTING SECURITIES.] In any case where a person has acquired or is proposing to acquire any voting securities in violation of this article or any rule or order issued by the commissioner, the district court for Ramsey county or the district court for the county in which the insurer has its principal place of business may, on such notice as the court considers appropriate, upon the application of the insurer or the commissioner seize or sequester any voting securities of the insurer owned directly or indirectly by the person, and issue any order with respect thereto as may be appropriate to effectuate the provisions of this article.

Notwithstanding any other provisions of law, for the purposes of this article the sites of the ownership of the securities of domestic insurers shall be considered to be in this state.

Sec. 12. [60D.25] [RECEIVERSHIP.]

Whenever it appears to the commissioner that any person has committed a violation of this article that so impairs the financial condition of a domestic insurer as to threaten insolvency or make the further transaction of business by it hazardous to its policyholders, creditors, shareholders, or the public, then the commissioner may proceed as provided in chapter 60B to take possessions of the property of the domestic insurer and to conduct the business of that insurer.

Sec. 13. [60D.26] [RECOVERY.]

(a) If an order for liquidation or rehabilitation of a domestic insurer has been entered, the receiver appointed under the order shall have a right to recover on behalf of the insurer, (1) from any parent corporation or holding company or person or affiliate who otherwise controlled the insurer, the amount of distributions, other than distributions of shares of the same class of stock, paid by the insurer on its capital stock, or (2) any payment in the form of a bonus, termination settlement or extraordinary lump sum salary adjustment made by the insurer or its subsidiary(s) to a director, officer, or employee, where the distribution or payment pursuant to clause (1) or (2) is made at any time during the one year preceding the petition for liquidation, conservation, or rehabilitation, as the case may be, subject to the limitations of paragraphs (b), (c), and (d).

(b) No such distribution shall be recoverable if the parent or affiliate shows that when paid the distribution was lawful and reasonable, and that the insurer did not know and could not

reasonably have known that the distribution might adversely affect the ability of the insurer to fulfill its contractual obligations.

(c) Any person who was a parent corporation or holding company or a person who otherwise controlled the insurer or affiliate at the time such distributions were paid shall be liable up to the amount of distributions or payments under paragraph (a), the person received. Any person who otherwise controlled the insurer at the time the distributions were declared is liable up to the amount of distributions the person would have received if they had been paid immediately. If two or more persons are liable with respect to the same distributions, they are jointly and severally liable.

(d) The maximum amount recoverable under this subsection shall be the amount needed in excess of all other available assets of the impaired or insolvent insurer to pay the contractual obligations of the impaired or insolvent insurer and to reimburse any guaranty funds.

(e) To the extent that any person liable under paragraph (c) is insolvent or otherwise fails to pay claims due from it pursuant to this paragraph, its parent corporation or holding company or person who otherwise controlled it at the time the distribution was paid, is jointly and severely liable for any resulting deficiency in the amount recovered from the parent corporation or holding company or person who otherwise controlled it.

Sec. 14. [60D.27] [REVOCATION, SUSPENSION, OR NONRENEWAL OF INSURER'S LICENSE.]

Whenever it appears to the commissioner that any person has committed a violation of this article that makes the continued operation of an insurer contrary to the interests of policyholders or the public, the commissioner may, after giving notice and an opportunity to be heard, determine to suspend, revoke, or refuse to renew the insurer's license or authority to do business in this state for the period the commissioner finds is required for the protection of policyholders or the public. The determination must be accompanied by specific findings of fact and conclusions of law.

Sec. 15. [60D.28] [JUDICIAL REVIEW, MANDAMUS.]

(a) Any person aggrieved by any act, determination, rule or order, or any other action of the commissioner pursuant to this article may appeal therefrom to the district court for Ramsey county. The court shall conduct its review without a jury and by trial de novo, except that if all parties, including the commissioner, so stipulate, the review shall be confined to the record. Portions of the record may be introduced by stipulation into evidence in a trial de novo as to those parties so stipulated.

(b) The filing of an appeal pursuant to this section shall stay the application of the rule, order, or other action of the commissioner to the appealing party unless the court, after giving the party notice and an opportunity to be heard, determines that the stay would be detrimental to the interest of policyholders, shareholders, creditors, or the public.

(c) Any person aggrieved by any failure of the commissioner to act or make a determination required by this article may petition the district court for Ramsey county for a writ in the nature of a mandamus or a peremptory mandamus directing the commissioner to act or make this determination immediately.

Sec. 16. [60D.29] [CONFLICT WITH OTHER LAWS.]

All laws and parts of laws of this state inconsistent with this article are superseded with respect to matters covered by this article.

Sec. 17. Minnesota Statutes 1990, section 79.34, subdivision 1, is amended to read:

Subdivision 1. [CONDITIONS REQUIRING MEMBERSHIP.] The nonprofit association known as the workers' compensation reinsurance association may be incorporated under chapter 317A 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, sections 79.34 to 79.40 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 is 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~~ chapter 60D are considered a single entity for purposes of the exercise of all rights and duties of membership in the reinsurance association. Each self-insurer approved under section 176.181 and each political subdivision that 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 is bound by its plan of operation; provided that:

(1) 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~~ chapter 60D, are considered a single entity for purposes of the exercise of all rights and duties of membership in the reinsurance association; and

(2) all group self-insurers granted authority to self-insure pursuant to section 176.181 are considered single entities 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 after December 31, 1983, the state is a member of the reinsurance association and is bound by its plan of operation. The commissioner of employee relations 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 employee relations. 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. 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. 18. [REPEALER.]

Minnesota Statutes 1990, sections 60D.01; 60D.02; 60D.03; 60D.04; 60D.05; 60D.06; 60D.07; 60D.08; 60D.10; 60D.11; 60D.12; and 60D.13, are repealed.

Sec. 19. [EFFECTIVE DATE.]

This article is effective 30 days after its final enactment.

ARTICLE 15

LIFE REINSURANCE AGREEMENTS

Section 1. [60A.80] [ACCOUNTING REQUIREMENTS.]

Subdivision 1. [STANDARDS.] No life insurer subject to this article shall, for reinsurance ceded, reduce any liability or establish any asset in any financial statement filed with the department if, by the terms of the reinsurance agreement, in substance or effect, any of the following conditions exist:

(1) the primary effect of the reinsurance agreement is to transfer deficiency reserves or excess interest reserves to the books of the reinsurer for a "risk charge" and the agreement does not provide for significant participation by the reinsurer in one or more of the

following risks: mortality, morbidity, investment, or surrender benefit;

(2) the reserve credit taken by the ceding insurer is not in compliance with the insurance law or rules, including actuarial interpretations or standards adopted by the department;

(3) the reserve credit taken by the ceding insurer is greater than the underlying reserve of the ceding company supporting the policy obligations transferred under the reinsurance agreement;

(4) the ceding insurer is required to reimburse the reinsurer for negative experience under the reinsurance agreement, except that neither offsetting experience refunds against prior years' losses nor payment by the ceding insurer of an amount equal to prior years' losses upon voluntary termination of in-force reinsurance by that ceding insurer shall be considered such a reimbursement to the reinsurer for negative experience;

(5) the ceding insurer can be deprived of surplus at the reinsurer's option or automatically upon the occurrence of some event, such as the insolvency of the ceding insurer, except that termination of the reinsurance agreement by the reinsurer for nonpayment of reinsurance premiums shall not be considered to be such a deprivation of surplus;

(6) the ceding insurer must, at specific points in time scheduled in the agreement, terminate or automatically recapture all or part of the reinsurance ceded;

(7) no cash payment is due from the reinsurer, throughout the lifetime of the reinsurance agreement, with all settlements prior to the termination date of the agreement made only in a "reinsurance account," and no funds in such account are available for the payment of benefits; or

(8) the reinsurance agreement involves the possible payment by the ceding insurer to the reinsurer of amounts other than from income reasonably expected from the reinsured policies.

Subd. 2. [EXCEPTION.] Notwithstanding subdivision 1, a life insurer subject to this article may, with the prior approval of the commissioner of commerce take such reserve credit as the commissioner considers consistent with the insurance law or rules adopted under it, including actuarial interpretations or standards adopted by the department.

Sec. 2. [60A.801] [WRITTEN AGREEMENTS.]

Subdivision 1. [REINSURANCE AGREEMENTS AND AMEND-

MENTS.] No reinsurance agreement or amendment to any agreement may be used to reduce any liability or to establish any asset in any financial statement filed with the department, unless the agreement, amendment, or a letter of intent has been duly executed by both parties no later than the "as of date" of the financial statement.

Subd. 2. [LETTERS OF INTENT.] In the case of a letter of intent, a reinsurance agreement, or an amendment to a reinsurance agreement must be executed within a reasonable period of time, not exceeding 90 days from the execution date of the letter of intent, in order for credit to be granted for the reinsurance ceded.

Sec. 3. [60A.802] [EXISTING AGREEMENTS.]

Life insurers subject to this article may continue to reduce liabilities or establish assets in financial statements filed with the department for reinsurance ceded under types of reinsurance agreements that would violate section 60A.13, subdivision 1, relating to financial statements of insurers, thus, resulting in distorted financial statements which do not properly reflect the financial condition of the ceding life insurer; section 60A.09, relating to reinsurance reserve credits, thus, resulting in a ceding insurer improperly reducing liabilities or establishing assets for reinsurance ceded; and article 3, relating to creating a situation that may be hazardous to policyholders and the people of this state provided that:

(1) the agreements were executed and in force before the effective date of this article;

(2) no new business is ceded under the agreements after the effective date of this article;

(3) the reduction of the liability or the asset established for the reinsurance ceded is reduced to zero by December 31, 1992, or a later date approved by the commissioner of commerce as a result of an application made by the ceding insurer prior to December 31 of the year in which this article becomes effective;

(4) the reduction of the liability or the establishment of the asset is otherwise permissible under all other applicable provisions of the insurance law or rules adopted under it, including actuarial interpretations or standards adopted by the department; and

(5) the department is notified, within 90 days after the effective date of this chapter, of the existence of these reinsurance agreements and all corresponding credits taken in the ceding insurer's 1990 annual statement.

Sec. 4. [EFFECTIVE DATE.]

This article is effective January 1, 1992.

ARTICLE 16

LOSS RESERVE CERTIFICATION

Section 1. Minnesota Statutes 1990, section 60A.12, is amended by adding a subdivision to read:

Subd. 10. [LOSS RESERVE CERTIFICATION.] Each domestic company engaged in providing the types of coverage described in section 60A.06, subdivision 1, clause (1), (2), (3), (5)(b), (6), (8), (9), (10), (11), (12), (13), or (14), must have its loss reserves certified to annually by a qualified actuary. The company must file the certification with the commissioner within 30 days of completion of the certification. The actuary providing the certification must not be an employee of the company. This subdivision does not apply to township mutual companies.

ARTICLE 17

RICO

Section 1. Minnesota Statutes 1990, section 609.902, subdivision 4, is amended to read:

Subd. 4. [CRIMINAL ACT.] "Criminal act" means conduct constituting, or a conspiracy or attempt to commit, a felony violation of chapter 152, or a felony violation of section 297D.09; 299F.79; 299F.80; 299F.811; 299F.815; 299F.82; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222; 609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.323; 609.342; 609.343; 609.344; 609.345; 609.42; 609.48; 609.485; 609.495; 609.496; 609.497; 609.498; 609.52, subdivision 2, if the offense is punishable under subdivision 3, clause (3)(b), or clause ~~(4)(c) or (f)~~ 3(d)(v) or (vi); 609.53; 609.561; 609.562; 609.582, subdivision 1 or 2; 609.67; 609.687; 609.713; 609.86; 624.713; or 624.74. "Criminal act" also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation of section 609.52, subdivision 2, clause (3), (4), (15), or (16) if the violation involves an insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service plan corporation regulated under chapter 62C, a health maintenance organization regulated under chapter 62D, or a fraternal beneficiary association regulated under chapter 64B.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective August 1, 1991, and applies to crimes committed on or after that date.

ARTICLE 18

INVESTMENT POLICY

Section 1. [60A.112] [INVESTMENT POLICY REQUIRED.]

Each domestic company must have a written investment policy, designed to provide guidance for investment decisions by management. The policy must be approved by its board of directors. The policy must be reviewed by the company's board of directors and reapproved no less often than once every 12 months. The investment policy must address asset type diversification, diversification within asset types, concentration risks, interest rate risk, liquidity, foreign investments, loans secured by real estate, and investment real estate. The policy must set forth, in detail, company practices relating to internal controls regarding the delegation of investment authority within the company.

The board of directors must also determine at least annually the extent to which the company has complied with its investment policy within the preceding 12 months and shall adopt a written determination.

The company must file, as an attachment to its annual statement, a certification that:

(1) the company has a written investment policy meeting the requirements of this section;

(2) the company's board of directors has reviewed and approved or reapproved the policy within the period covered by the annual statement; and

(3) the company's board of directors performed the compliance review and made the written determination required by this section within the period covered by the annual statement.

A company's failure to meet the requirements of this section does not affect its ability to enforce its legal or equitable rights with respect to its investments.

Sec. 2. Minnesota Statutes 1990, section 62D.045, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZATION AND WRITTEN INVESTMENT POLICY REQUIRED.] A health maintenance organization shall not make or engage in a loan or investment unless the loan or investment has been authorized or ratified by the board of directors or by a committee supervising investments and loans. In addition, a

health maintenance organization must comply with section 60A.112.

ARTICLE 19

VALUATION OF REAL ESTATE LOANS AND INVESTMENTS

Section 1. [60A.121] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section apply to sections 60A.121 to 60A.127.

Subd. 2. [COMMERCIAL MORTGAGE LOAN.] "Commercial mortgage loan" means a loan by an insurer secured by a mortgage on commercial real estate. "Commercial mortgage loan" does not include loans secured by residential real estate containing four or fewer dwelling units or agricultural real estate.

Subd. 3. [DELINQUENT MORTGAGE LOAN.] "Delinquent mortgage loan" means a loan 90 days delinquent on a required payment of principal or interest.

Subd. 4. [DISTRESSED MORTGAGE LOAN.] "Distressed mortgage loan" means a loan, other than a delinquent loan, that is determined by the management of the insurer, in the exercise of its prudent investment judgment, to involve circumstances that create a reasonable probability that the loan may become a delinquent mortgage loan or a mortgage loan in foreclosure.

Subd. 5. [INDEPENDENT APPRAISER.] "Independent appraiser" means a person, not employed by the insurer or by an investment advisor to the insurer, who develops and communicates real estate appraisals and holds a current, valid license issued under section 82B.02, or a similar law enacted by another state.

Subd. 6. [INTERNAL APPRAISAL.] "Internal appraisal" means an appraisal to determine current market value made by an internal appraiser and based upon an evaluation of:

(1) the property based upon a physical inspection of the premises;

(2) the current and expected stabilized cash flow generated by the property;

(3) the current and expected stabilized market rents in the geographic market where the property is located; and

(4) the current and stabilized occupancy rates for the geographic market where the property is located.

Subd. 7. [INTERNAL APPRAISER.] "Internal appraiser" means an individual:

(1) employed by an insurer or investment advisor to an insurer;

(2) who has training and experience qualifying the individual to appraise the value of commercial real estate;

(3) whose direct or indirect compensation is not dependent upon the outcome of the appraisals performed under sections 60A.121 to 60A.126; and

(4) who has direct reporting access to the chief investment officer of the insurer.

Subd. 8. [INSURER.] "Insurer" means a domestic insurance company.

Subd. 9. [MORTGAGE LOAN IN FORECLOSURE.] "Mortgage loan in foreclosure" means (1) a loan in the process of foreclosure including the time required for expiration of any equitable or statutory redemption rights; (2) a loan to a mortgagor who is the subject of a bankruptcy petition and who is not making regular monthly payments; or (3) a loan secured by a mortgage on real estate that is subject to a senior mortgage or other lien that is being foreclosed.

Subd. 10. [PERFORMING MORTGAGE LOAN.] "Performing mortgage loan" means a mortgage loan current in payment or not in distress.

Subd. 11. [REAL ESTATE OWNED.] "Real estate owned" means real property owned and acquired by an insurer through or in lieu of foreclosure and as to which all equitable or statutory rights of redemption have expired.

Subd. 12. [RESTRUCTURED MORTGAGE LOAN.] "Restructured mortgage loan" means a loan where:

(1) material delinquent payments or accrued interest are capitalized and added to the balance of an outstanding loan; or

(2) the insurer has abated or reduced interest payments below market rates existing at the date of restructuring.

Sec. 2. [60A.122] [REQUIRED WRITTEN PROCEDURES.]

An insurer shall establish written procedures, approved by the company's board of directors, for the valuation of commercial mortgage loans and real estate owned. The procedures must be

made available to the commissioner upon request. The commissioner shall review the insurer's compliance with the procedures in any examination of the insurer under section 60A.031.

Sec. 3. [60A.123] [VALUATION PROCEDURE.]

Subdivision 1. [REQUIREMENT.] An insurer shall value its commercial mortgage loans and real estate acquired through foreclosure of commercial mortgage loans as provided in this section for the purpose of establishing reserves or carrying values of the investments and for statutory accounting purposes.

Subd. 2. [PERFORMING MORTGAGE LOAN.] A performing mortgage loan must be carried at its amortized acquisition cost.

Subd. 3. [DISTRESSED MORTGAGE LOAN.] (a) The insurer shall make an evaluation of the appropriate carrying value of its commercial mortgage loans which it classifies as distressed mortgage loans. The carrying value must be based upon one or more of the following procedures:

(1) an internal appraisal;

(2) an appraisal made by an independent appraiser;

(3) the value of guarantees or other credit enhancements related to the loan; or

(4) other quantitative data which provides meaningful information to the management of the insurer regarding the market value of the property.

(b) The insurer may determine the carrying value of its distressed mortgage loans through either an evaluation of each specific distressed mortgage loan or by a sampling methodology. Insurers using a sampling methodology shall identify a sampling of its distressed mortgage loans that represents a cross section of all of its distressed mortgage loans. The insurer shall make an evaluation of the appropriate carrying value for each sample loan. The carrying value of all of the insurer's distressed mortgage loans must be the same percentage of their amortized acquisition cost as the sample loans. The carrying value must be based upon an internal appraisal or an appraisal conducted by an independent appraiser.

(c) The insurer shall either take a charge against its surplus or establish a reserve for the difference between the carrying value and the amortized acquisition cost of its distressed mortgage loans.

Subd. 4. [DELINQUENT MORTGAGE LOAN.] (a) The insurer shall make an evaluation of the appropriate carrying value of each

delinquent mortgage loan. The carrying value must be based upon one or more of the following procedures:

(1) an internal appraisal;

(2) an appraisal by an independent appraiser;

(3) the value of guarantees or other credit enhancements related to the loan; or

(4) other quantitative data which provides meaningful information to the management of the insurer regarding the market value of the property.

(b) The insurer shall either take a charge against its surplus or establish a reserve for the difference between the carrying value and the amortized acquisition cost of its delinquent mortgage loans.

Subd. 5. [RESTRUCTURED MORTGAGE LOAN.] (a) The insurer shall make an evaluation of the appropriate carrying value of each restructured mortgage loan. The carrying value must be based upon one or more of the following procedures:

(1) an internal appraisal;

(2) an appraisal by an independent appraiser;

(3) the value of guarantees or other credit enhancements related to the loan; or

(4) other quantitative data which provides meaningful information to the management of the insurer regarding the market value of the property.

(b) The insurer shall either take a charge against its surplus or establish a reserve for the difference between the carrying value and the amortized acquisition cost of its restructured mortgage loans.

Subd. 6. [MORTGAGE LOAN IN FORECLOSURE.] (a) The insurer shall make an evaluation of the appropriate carrying value of each mortgage loan in foreclosure. The carrying value must be based upon an appraisal made by an independent appraiser.

(b) The insurer shall take a charge against its surplus for the difference between the carrying value and the amortized acquisition cost of its mortgage loans in the process of foreclosure.

Subd. 7. [REAL ESTATE OWNED.] (a) The insurer shall make an evaluation of the appropriate carrying value of real estate owned.

The carrying value must be based upon an appraisal made by an independent appraiser.

(b) The insurer shall take a charge against its surplus for the difference between the carrying value and the amortized acquisition cost of real estate owned.

Sec. 4. [60A.124] [INDEPENDENT AUDIT.]

The audit report of the independent certified public accountant which prepares the audit of an insurer's annual statement as required under section 60A.13, subdivision 3, paragraph (a), must contain findings by the auditor that:

(1) the insurer has adopted valuation procedures meeting the minimum standards required in section 60A.123; and

(2) the procedures adopted by the board of directors have been uniformly applied by the insurer in conformance with this section.

Sec. 5. [60A.125] [APPRAISAL BY INDEPENDENT APPRAISER.]

Subdivision 1. [MORTGAGE LOANS IN THE PROCESS OF FORECLOSURE.] An insurer may rely upon an appraisal by an independent appraiser to determine the carrying value of mortgage loans in the process of foreclosure only if the date of the appraisal is within six months of the date the foreclosure procedure is begun. If no appraisal exists, the insurer shall acquire an appraisal within six months after the foreclosure proceeding has begun.

Subd. 2. [REAL ESTATE OWNED.] An insurer may rely upon an appraisal by an independent appraiser to determine the carrying value of real estate owned only if the date of the appraisal is within six months of the date when title to the property was acquired. If no appraisal exists, the insurer shall acquire an appraisal within six months after title to the property is acquired.

Subd. 3. [CHARGE TAKEN.] An insurer shall take a charge against the surplus for mortgage loans in the process of foreclosure and real estate owned in the first calendar year in which it holds a current appraisal made by an independent appraiser as provided in this section.

Sec. 6. [60A.126] [BOARD REPORT.]

The management of the insurer shall make periodic reports, at least annually, to its board of directors, or an appropriate committee of the board, as to the application of the insurer's valuation procedures adopted under sections 60A.121 to 60A.127.

Sec. 7. [60A.127] [INDEPENDENT APPRAISALS OF CERTAIN PROPERTIES.]

Each domestic insurer that does not obtain independent appraisals of all distressed, delinquent, and restructured mortgage loans shall obtain independent appraisals of a random sample of those loans. The independent appraisals must be obtained by the insurer no later than 60 days after the insurer determines the appropriate carrying value. The loans to be included in the sample do not include loans for which the carrying value was determined on the basis of guarantees or other credit enhancements. The independent appraisals must be kept in the insurer's records and must be available to the commissioner upon request. Each insurer must file with the commissioner an annual report listing each mortgage loan for which the insurer obtained an independent appraisal under this section and showing for each of those loans the appraisal value, the carrying value determined by the insurer, and other information required by the commissioner. The commissioner may by rule specify the percentage of distressed, delinquent, and restructured loans for which the insurer must obtain an independent appraisal and may by rule specify a procedure for determining how to identify the specific loans for which an appraisal is required. Unless and until such rules are adopted, each domestic insurer must:

(1) obtain an independent appraisal of five percent of its distressed, delinquent, or restructured loans that qualify under this section; and

(2) establish a uniform system of assigning sequential numbers to its distressed, delinquent, or restructured loans that qualify under this section, based upon the date on which a loan first enters one of those categories, and then obtain an independent appraisal of every twentieth loan.

ARTICLE 20

ASSUMPTION REINSURANCE

Section 1. Minnesota Statutes 1990, section 60A.09, is amended by adding a subdivision to read:

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

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

(2) the assumption reinsurance agreement specifically provides

that the original insurer remains liable to the insured or the original insurer acknowledges in writing to the commissioner that it remains liable to the insured;

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

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

"Policyholder: Please be advised that you retain all rights with respect to your policy against your original insurer. Your original insurer remains liable to you notwithstanding the terms of its assumption agreement."

Clauses (2) and (4) above do not apply if the policyholder consents in a signed writing to a release of the original insurer from liability, provided that the consent form signed by the policyholder has been filed with and approved by the commissioner.

ARTICLE 21

MISCELLANEOUS

Section 1. Minnesota Statutes 1990, section 60A.03, subdivision 5, is amended to read:

Subd. 5. [EXAMINATION FEES AND EXPENSES.] When any visitation, examination, or appraisal is made by order of the commissioner, the company being examined, visited, or appraised, including fraternals, township mutuals, reciprocal exchanges, nonprofit service plan corporations, health maintenance organizations, vendors of risk management services licensed under section 60A.23, or self-insurance plans or pools established under section 176.181 or 471.982, shall pay to the department of commerce the necessary expenses of the persons engaged in the examination, visit, or appraisal or desk audits of annual statements and records performed by the department other than at the company's premises plus the per diem salary fees of the employees of the department of commerce who are conducting or participating in the examination, visitation, or appraisal. The per diem salary fees may be based upon the approved examination fee schedules of the National Association of Insurance Commissioners or otherwise determined by the commissioner. All of these fees and expenses must be paid into the department of commerce revolving fund.

Sec. 2. Minnesota Statutes 1990, section 60A.27, is amended to read:

60A.27 [DISCIPLINE OF INSURER BY ANOTHER STATE; NOTICE TO COMMISSIONER.]

Subdivision 1. An insurance company licensed to transact business in this state is hereby required to notify the commissioner of commerce within ~~30~~ ten business days of the happening of any one or more of the following:

(1) the suspension or revocation of its right to transact business in another state;

(2) the receipt by the insurance company of an order to show why its license should not be suspended or revoked; or

(3) the imposition of a penalty by any other state for any violation of the insurance laws of such other state.

Subd. 2. Any insurance company which fails to notify the commissioner of commerce within ~~30 days of the happening of any of the foregoing shall be~~ *the time* period specified in subdivision 1 is subject to a penalty of not more than $500, or suspension, or both.

Sec. 3. Minnesota Statutes 1990, section 60C.03, subdivision 8, is amended to read:

Subd. 8. "Insolvent insurer" means an insurer licensed to transact insurance in this state, either at the time the policy was issued, or when the insured event occurred, and against whom an order of liquidation with a finding of insolvency has been entered after April 30, 1979 by a *court of competent jurisdiction,* in the insurer's state of domicile or of this state, under the provisions of chapter 60B, and which order of liquidation has not been stayed or been the subject of a writ of supersedeas or other comparable order. An insurer placed under administrative supervision under article 2 or determined to be in hazardous financial condition under article 3 is not an insolvent insurer as a result of that placement or determination.

Sec. 4. Minnesota Statutes 1990, section 60C.14, subdivision 2, is amended to read:

Subd. 2. [OPTIONAL POWERS AND DUTIES.] The commissioner may:

(a) Require the association to notify the insureds of any insurer undergoing liquidation and any other interested parties of their possible rights under Laws 1971, chapter 145. Notification shall be by mail at their last known address, where available, but if sufficient information for notification by mail is not available, notice by publication in a newspaper of general circulation shall be sufficient.

(b) Suspend or revoke, after notice and hearing, the certificate of authority to transact insurance or to execute surety bonds in this state of any member insurer which fails to pay an assessment when due or fails to comply with the plan of operation. As an alternative, the commissioner may levy a fine on any member insurer which fails to pay an assessment when due. The fine shall not exceed five percent of the unpaid assessment per month, except that no fine shall be less than $100 per month.

(c) Revoke the designation of any servicing facility if the commissioner finds claims are being handled unsatisfactorily.

(d) Disclose to the board of directors information regarding any member insurer, or any company seeking admission to transact insurance business in this state, whose financial condition may be hazardous to policyholders or to the public. This disclosure does not violate any data privacy requirement or any obligation to treat the information as privileged. This disclosure does not change the data privacy or privileged status of the information. Board members shall not disclose the information to anyone else or use the information for any purpose other than their duties as board members.

Sec. 5. Minnesota Statutes 1990, section 60E.04, subdivision 7, is amended to read:

Subd. 7. [EXAMINATION REGARDING FINANCIAL CONDITION.] A risk retention group must submit to an examination by the commissioner to determine its financial condition if the commissioner of the jurisdiction in which the group is chartered has not initiated an examination or does not initiate an examination within ~~60~~ ten business days after a request by the commissioner of commerce. The examination must be coordinated to avoid unjustified repetition and conducted in an expeditious manner and in accordance with the National Association of Insurance Commissioner's Examiner Handbook.

Sec. 6. Minnesota Statutes 1990, section 62E.14, is amended by adding a subdivision to read:

Subd. 4c. [INSURER INSOLVENCY; WAIVER OF PREEXISTING CONDITIONS.] A Minnesota resident who is otherwise eligible may enroll in the comprehensive health insurance plan with a waiver of the preexisting condition limitation described in subdivision 3, if that person applies for coverage within 90 days of termination of prior coverage due to the insolvency of the insurer.

Coverage in the comprehensive insurance plan is effective on the date of termination of prior coverage. The availability of conversion rights does not affect a person's rights under this subdivision.

Sec. 7. Minnesota Statutes 1990, section 68A.01, subdivision 2, is amended to read:

Subd. 2. [GUARANTY FUND AND INVESTMENT THEREOF.] Before issuing any policy or other contract of guaranty or insurance, every real estate title insurance company shall set apart and keep separate a guaranty fund of $100,000 or an amount equal to two-fifths of its capital stock whichever is the greater~~, but in no event shall a company be required to deposit in excess of $2,500,000~~. The guaranty fund shall be invested according to law.

Sec. 8. [72A.206] [IMPAIRMENT OR INSOLVENCY; NOTICE OF LIMITATIONS AND EXCLUSIONS OF PROTECTION.]

(a) No person, including an insurer, agent, or affiliate of an insurer or agent shall sell, or offer for sale, a policy or contract of insurance of any kind unless a separate notice conforming to the requirements of paragraph (b) is delivered with the application for that policy or contract. The notice is considered part of the policy or contract and must be signed by the applicant and kept on file by the insurer. A copy of the signed notice must be given to the applicant. This section does not apply to renewals, unless the renewal increases the dollar amount of a coverage by more than 100 percent.

(b) The notice must clearly state the limitations and exclusions relating to the protection afforded the policy or contract holder should the insurer become financially impaired or insolvent, including coverages afforded by any guaranty fund.

(c) The notice requirements of section 61B.28 supersede the requirements of this section. With respect to combination fixed-variable policies, the notice requirement of section 61B.12, subdivision 6, supersedes the requirements of this section, provided that the notice provided under section 61B.12, subdivision 6, clearly describes what portions of the policy are not covered by the guaranty fund.

(d) This section does not apply to fraternal benefit societies regulated under chapter 64B.

Sec. 9. [COMPLEMENT.]

The approved complement of the department of commerce is increased by ... positions in the classified service."

Delete the title and insert:

"A bill for an act relating to insurance; regulating reinsurance and other insurance practices, investments, guaranty funds, and holding

company systems; providing examination authority and reporting requirements; adopting various NAIC model acts and regulations; prescribing penalties; amending Minnesota Statutes 1990, sections 60A.02, by adding a subdivision; 60A.03, subdivision 5; 60A.031; 60A.07, subdivision 5d, and by adding a subdivision; 60A.09, subdivision 5, and by adding a subdivision; 60A.10, subdivision 2a; 60A.11, subdivisions 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 26, and by adding a subdivision; 60A.12, by adding a subdivision; 60A.13, subdivision 1; 60A.27; 60B.25; 60B.37, subdivision 2; 60C.02, subdivision 1; 60C.03, subdivisions 6, 8, and by adding a subdivision; 60C.04; 60C.06, subdivision 1; 60C.09, subdivision 1; 60C.13, subdivision 1; 60C.14, subdivision 2; 60E.04, subdivision 7; 61A.25, subdivisions 3, 5, 6, and by adding subdivisions; 61A.28, subdivisions 1, 2, 3, 6, 8, 11, 12, and by adding a subdivision; 61A.281, by adding a subdivision; 61A.283; 61A.29; 61A.31; 62E.14, by adding a subdivision; 61B.12, by adding subdivisions; 62D.044; 62D.045, subdivision 1; 68A.01, subdivision 2; 72A.061, subdivision 1; 79.34, subdivision 1; and 609.902, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 60A, 60D, and 72A; proposing coding for new law as Minnesota Statutes, chapters 60H, 60I, and 60J; repealing Minnesota Statutes 1990, sections 60A.076; 60A.09, subdivision 4; 60A.12, subdivision 2; 60D.01 to 60D.08; 60D.10 to 60D.13; and 61A.28, subdivisions 4 and 5."

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

The report was adopted.

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

H. F. No. 258, A bill for an act relating to Dakota county; authorizing development of a mental health service delivery system; appropriating money.

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

The report was adopted.

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

H. F. No. 293, A bill for an act relating to health; establishing a traumatic brain injury and spinal cord injury registry; requiring reporting of injuries; providing for use of information; amending Minnesota Statutes 1990, sections 171.29, subdivision 2; and

268A.03; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the following amendments:

Page 4, line 17, strike "$200" and insert "$250"

Page 4, line 19, strike "25" and insert "20"

Page 4, line 20, strike "50" and insert "40"

Page 4, line 34, delete "11" and insert "25"

Page 5, line 4, after the period, insert "At least $70,000 must be awarded in grants to local school districts."

Page 5, line 7, delete "four" and insert "five"

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

The report was adopted.

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

H. F. No. 309, A bill for an act relating to human services; authorizing counties to retain one-half of the nonfederal share of child support recoveries that are directly attributable to county effort; amending Minnesota Statutes 1990, section 256.019.

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. 340, A bill for an act relating to signs; requiring recycling centers and junk yards to accept certain hazard signs; amending Minnesota Statutes 1990, sections 115A.555; and 161.242, subdivision 2, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 115A.555, is amended to read:

115A.555 [RECYCLING CENTER DESIGNATION.]

The agency shall designate recycling centers for the purpose of section 173.086. To be designated as a recycling center, a recycling facility must be open a minimum of 12 operating hours each week, 12 months each year, and must accept for recycling:

(1) at least four different materials such as paper, glass, plastic, and metal.; and

(2) if the recycling center accepts metal, road signs, as defined in section 161.242, subdivision 2, paragraph (h), to the same extent that a junk yard dealer must accept road signs under section 161.242, subdivision 6a.

Sec. 2. Minnesota Statutes 1990, section 161.242, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] ~~(1)~~ (a) For the purposes of this section, the terms defined in this subdivision ~~shall~~ have the meanings given them.

~~(2) Junk yard~~ (b) "Junk yard" means an establishment, place of business, or place of storage or deposit, which is maintained, operated, or used for storing, keeping, buying, or selling junk, or for the maintenance or operation of an automobile graveyard, and shall include garbage dumps and sanitary fills not regulated by the Minnesota pollution control agency, any of which are wholly or partly within one half mile of any right-of-way of any state trunk highway, including the interstate highways, whether maintained in connection with another business or not, where the waste, body, or discarded material stored is equal in bulk to five or more motor vehicles and which are to be resold for used parts or old iron, metal, glass, or other discarded material.

~~(3) Dealer~~ (c) "Dealer" means any person, partnership, or corporation engaged in the operation of a junk yard.

~~(4) Junk~~ (d) "Junk" means old or scrap road signs, copper, brass, rope, rags, batteries, paper, synthetic or organic, trash, rubber debris, waste, or junked, dismantled, or wrecked automobiles or farm or construction machinery or parts thereof, iron, steel, and other old or scrap ferrous or nonferrous material.

~~(5) Automobile graveyard~~ (e) "Automobile graveyard" means any

establishment or place of business which is maintained, used, or operated for storing, keeping, buying, or selling wrecked, scrapped, ruined, or dismantled motor vehicles or motor vehicle parts.

~~(6) Unzoned industrial area~~ (f) "Unzoned industrial area" means the land occupied by the regularly used building, parking lot, storage or processing area of an industrial activity, and the land within 1,000 feet thereof which is located on the same side of the highway as the principal part of said activity, and not predominantly used for residential or commercial purposes, and not zoned by state or local law, regulation or ordinance.

~~(7) Industrial activities~~ (g) "Industrial activities" means those activities permitted only in industrial zones, or in less restrictive zones by the nearest zoning authority within the state, or prohibited by said authority but generally recognized as industrial by other zoning authorities within the state, except that none of the following shall be considered industrial activities:

~~(a)~~ (1) outdoor advertising devices as defined in Minnesota Statutes 1969, section 173.02, subdivision 2~~.~~;

~~(b)~~ (2) agricultural, forestry, ranching, grazing, farming and related activities, including, but not limited to, wayside fresh produce stands~~.~~;

~~(c)~~ (3) activities normally and regularly in operation less than three months of the year~~.~~;

~~(d)~~ (4) activities not visible from the traffic lanes of the main traveled way~~.~~;

~~(e)~~ (5) activities conducted in a building principally used as a residence~~.~~;

~~(f)~~ (6) railroad tracks, minor sidings, and passenger depots~~.~~; or

~~(g)~~ (7) junk yards, as defined ~~herein~~ in paragraph (b).

(h) "Road signs" means signs listed in the Minnesota drivers' manual published by the department of public safety, signs required by the state fire code, and other signs related to road or fire hazards and approved for use by the state or a political subdivision.

Sec. 3. Minnesota Statutes 1990, section 161.242, is amended by adding a subdivision to read:

Subd. 6a. [ROAD SIGNS MUST BE ACCEPTED.] A dealer shall accept road signs only from a properly identified elected official or employee of the state or a political subdivision, who is acting within

the scope of the person's official duties. A dealer is not required to pay or otherwise compensate any person or organization other than a properly identified elected official or employee of the state or a political subdivision, who is acting within the scope of the person's official duties, for taking possession of a road sign and is not required to take possession at a place away from the site of the dealer's junk yard."

Amend the title as follows:

Page 1, line 3, delete "hazard" and insert "road"

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. 378, A bill for an act relating to state lands; authorizing exchange of real property.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [EXCHANGE OF REAL PROPERTY.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, sections 94.341 to 94.349, chapter 282, or other law to the contrary, the state of Minnesota shall exchange the real property described in subdivision 3 for the property of Thomas Godward of Aitkin, Minnesota, described in subdivision 4, without delay.

Subd. 2. [FORM OF EXCHANGE.] The exchange must be in a form approved by the attorney general. The conveyances must be for the mutual consideration of the lands received in the exchange.

Subd. 3. [STATE PROPERTY.] The state shall exchange the property described in this subdivision for the property owned by Thomas Godward, which is described in subdivision 4.

W1/2 NE 18-48-26; E1/2 SWSE 7-48-26; W1/2 SE 13-48-27 less the South 66 feet, containing 176 acres, more or less.

Subd. 4. [GODWARD PROPERTY.] Thomas Godward may exchange the real property described in this subdivision for the real property owned by the state and described in subdivision 3.

S1/2 NE, SENW, 33-48-24, less the RRROW and less 1 acre; and the N1/2 NW 22-46-23 containing 175 acres, more or less.

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.

Reding from the Committee on Governmental Operations to which was referred:

H. F. No. 401, A bill for an act relating to retirement; legislators retirement plan; eliminating the requirement of the discontinuation of surviving spouse benefits in the event of the remarriage of the surviving spouse; amending Minnesota Statutes 1990, section 3A.04, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

SURVIVING SPOUSE BENEFIT MODIFICATIONS

Section 1. Minnesota Statutes 1990, section 3A.04, subdivision 1, is amended to read:

Subdivision 1. [SURVIVING SPOUSE.] Upon the death of a member of the legislature while serving as a member, or upon the death of a former legislator who has rendered at least the number of years of service as required by section 3A.02, subdivision 1, clause (1) and who was not receiving a retirement allowance, the surviving spouse shall be entitled to receive a survivor benefit in the amount ~~of one-half of~~ equal to the retirement allowance of the member of the legislature or former legislator computed as though the member or former legislator had attained at least the normal retirement age on the date of death and based upon the average monthly salary as of the date of death or as of the date of termination, whichever is applicable, and the allowable service of the member or the former legislator or eight years, whichever is greater. The augmentation provided in section 3A.02, subdivision 4, if applicable, shall be applied from the first day of the month next following the date of

termination of service as a member of the legislature to the month of death. Upon the death of a former legislator who was receiving a retirement allowance, the surviving spouse shall be entitled to ~~one-half~~ ~~of~~ the amount of the allowance being paid to the former legislator. The surviving spouse benefit shall be paid during the lifetime of the surviving spouse~~, but shall cease and terminate upon the remarriage of the surviving spouse~~.

Sec. 2. Minnesota Statutes 1990, section 352B.11, subdivision 2, is amended to read:

Subd. 2. [DEATH; PAYMENT TO SPOUSE AND CHILDREN.] If a member serving actively as a member, a member receiving the disability benefit provided by section 352B.10, subdivision 1, or a former member receiving a disability benefit as provided by section 352B.10, subdivision 2, dies from any cause, the surviving spouse and dependent children are entitled to benefit payments as follows:

(a) A member with at least three years of allowable service is deemed to have elected a 100 percent joint and survivor annuity payable to a surviving spouse only on or after the date the member or former member became or would have become 55.

(b) The surviving spouse of a member who had credit for less than three years of service shall receive, for life, a monthly annuity equal to 50 percent of that part of the average monthly salary of the member from which deductions were made for retirement. ~~If the surviving spouse remarries, the annuity shall cease as of the date of the remarriage.~~

(c) The surviving spouse of a member who had credit for at least three years service and who died after becoming 55 years old, may elect to receive a 100 percent joint and survivor annuity, for life, notwithstanding a subsequent remarriage, in lieu of the annuity prescribed in paragraph (b).

(d) The surviving spouse of any member who had credit for three years or more and who was not 55 years old at death, shall receive the benefit equal to 50 percent of the average monthly salary as described in clause (b) until the deceased member would have become 55 years old, and beginning the first of the month following that date, may elect to receive the 100 percent joint and survivor annuity. ~~If the surviving spouse remarries before the deceased member's 55th birth date, benefits or annuities shall cease as of the date of remarriage. Remarriage after the deceased member's 55th birthday shall not affect the payment of the benefit.~~

(e) Each dependent child shall receive a monthly annuity equal to ten percent of that part of the average monthly salary of the former member from which deductions were made for retirement. A dependent child over 18 and under 23 years of age also may receive the

monthly benefit provided in this section, if the child is continuously attending an accredited school as a full-time student during the normal school year as determined by the director. If the child does not continuously attend school but separates from full-time attendance during any part of a school year, the annuity shall cease at the end of the month of separation. In addition, a payment of $20 per month shall be prorated equally to surviving dependent children when the former member is survived by one or more dependent children. Payments for the benefit of any qualified dependent child must be made to the surviving spouse, or if there is none, to the legal guardian of the child. The maximum monthly benefit for any one family must not be less than 50 nor exceed 70 percent of the average monthly salary for any number of children.

(f) If the member dies under circumstances that entitle the surviving spouse and dependent children to receive benefits under the workers' compensation law, the workers' compensation benefits received by them must not be deducted from the benefits payable under this section.

(g) The surviving spouse of a deceased former member who had credit for three or more years of allowable service, but not the spouse of a former member receiving a disability benefit under section 352B.10, subdivision 2, is entitled to receive the 100 percent joint and survivor annuity at the time the deceased member would have become 55 years old, if the surviving spouse has not remarried before that date. If a former member dies who does not qualify for other benefits under this chapter, the surviving spouse or, if none, the children or heirs are entitled to a refund of the accumulated deductions left in the fund plus interest at the rate of six percent per year compounded annually.

Sec. 3. Minnesota Statutes 1990, section 352C.04, subdivision 1, is amended to read:

Subdivision 1. [SURVIVING SPOUSE BENEFIT.] Upon the death of a constitutional officer or commissioner while actively serving in office, or a former constitutional officer or commissioner with at least eight years of allowable service, the surviving spouse is entitled to a survivor benefit in the amount of one-half of the retirement allowance of the constitutional officer or commissioner or the former constitutional officer or commissioner computed as though the constitutional officer or commissioner or the former constitutional officer or commissioner were at least age 62 on the date of death and based upon the attained allowable service or eight years, whichever is greater. The augmentation provided in section 352C.033, if applicable, shall be applied to the month of death. Upon the death of a former constitutional officer or commissioner receiving a retirement allowance, the surviving spouse shall be entitled to one-half of the amount of the retirement allowance being paid to the former constitutional officer or commissioner as of the date of death.

The benefit shall be paid to a surviving spouse eligible therefor during the remainder of the spouse's natural life ~~or until remarriage. Upon remarriage, the spouse shall no longer be eligible for the benefit except as provided in section 356.31~~.

Sec. 4. Minnesota Statutes 1990, section 352C.04, subdivision 4, is amended to read:

Subd. 4. [APPLICATION FOR SURVIVOR BENEFITS.] A surviving spouse or a guardian of the estate of the dependent child or children entitled to the payment of benefits under this section shall file an application for the benefit with the director, and payment shall commence as of the first day of the month next following the filing of the application and shall be retroactive to the first of the month following the death of the constitutional officer or commissioner or the former constitutional officer or commissioner; provided, however, that no payment shall be retroactive for more than 12 months prior to the month in which the application is filed with the director. Such benefits shall be paid on the first day of each calendar month for that month. The surviving spouse benefit shall cease with the payment for the month in which the surviving spouse dies ~~or remarries as the case may be~~. The dependent child's benefit shall cease with the payment for the month in which the child no longer qualifies for payment as a dependent child.

Sec. 5. Minnesota Statutes 1990, section 353.01, subdivision 20, is amended to read:

Subd. 20. [SURVIVING SPOUSE.] "Surviving spouse" means the ~~unremarried~~ spouse of a deceased member who was legally married to the member at the time of death, or at the time the member became totally and permanently disabled.

Sec. 6. Minnesota Statutes 1990, section 353.31, subdivision 1, is amended to read:

Subdivision 1. [BENEFITS FOR SURVIVING SPOUSE AND DEPENDENT CHILDREN; BEFORE RETIREMENT.] Upon the death of a basic member before retirement or upon the death of a basic member who was disabled and receiving disability benefits pursuant to section 353.33 at the time of death who has had at least 18 months of credited allowable service, the surviving spouse and dependent children of the member, as defined in section 353.01, subdivisions 15 and 20, shall be entitled to receive the monthly benefit provided below:

(a) Surviving spouse	50 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding the month in which death occurred

(b) Each dependent child	10 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding the month in which death occurred

Payments for the benefit of any dependent child, as defined in section 353.01, subdivision 15, shall be made to the surviving parent, or if there be none, to the legal guardian of the child. The maximum monthly benefit for a family shall not exceed $1,000, and the minimum benefit per family shall not be less than 50 percent of the basic member's specified average monthly salary, subject to the aforementioned maximum. ~~The surviving spouse benefit shall terminate upon the remarriage of the spouse, and~~ The dependent children's benefit shall be reduced pro tanto when any child is no longer dependent.

Any survivor of a basic member whose average salary was less than $75 per month shall not be entitled to the benefits provided in this subdivision. Prior to payment of any survivor benefit pursuant to this subdivision, in lieu of that benefit, the surviving dependent spouse may elect to receive the joint and survivor annuity provided pursuant to section 353.32, subdivision 1a.

Except for any benefits provided pursuant to section 353.32, subdivisions 1 and 1a, there are no survivor benefits payable to the surviving spouse or dependent children of a deceased coordinated member.

Sec. 7. Minnesota Statutes 1990, section 353.657, subdivision 2, is amended to read:

Subd. 2. The spouse, for life ~~or until remarriage~~, shall receive a monthly benefit equal to 50 percent of the member's average full-time monthly salary rate as a police officer or firefighter in effect over the last six months of allowable service preceding the month in which death occurred.

Sec. 8. Minnesota Statutes 1990, section 353B.11, subdivision 6, is amended to read:

Subd. 6. [DISCONTINUATION; SURVIVING SPOUSE BENEFIT.] (a) Except as specified in paragraph (b) or (c), a surviving spouse benefit shall terminate upon the death or the subsequent marriage of the person entitled to receive or receiving a surviving spouse benefit.

(b) A surviving spouse benefit shall terminate upon the subsequent marriage of the person entitled to receive or receiving a surviving spouse benefit but shall recommence at the appropriate

amount without any retroactive payments in the event of the termination of the subsequent marriage for any reason for the former members of the following consolidating relief associations:

(1) Albert Lea firefighters relief association;

(2) Albert Lea police relief association;

(3) Duluth firefighters relief association;

(4) ~~Duluth police pension association;~~

~~(5)~~ Minneapolis fire department relief association;

~~(6)~~ (5) St. Paul fire department relief association; and

~~(7)~~ (6) St. Paul police relief association.

(c) A surviving spouse benefit shall terminate only upon the death of the person entitled to receive or receiving a surviving spouse benefit for the former members of the following consolidating relief associations:

(1) Anoka police relief association;

(2) Buhl police relief association;

(3) Chisholm fire department relief association;

(4) Chisholm police relief association;

(5) Crookston fire department relief association;

(6) Duluth police relief association;

(7) Faribault fire department relief association;

(8) Hibbing firefighters relief association;

(9) Hibbing police relief association;

(10) Mankato fire department relief association;

~~(2)~~ (11) Red Wing fire department relief association;

(12) Red Wing police relief association;

(13) Rochester fire department relief association;

(14) Rochester police relief association;

(15) St. Cloud fire department relief association;

(16) St. Louis Park fire department relief association;

(17) St. Louis Park police relief association;

(18) South St. Paul firefighters relief association;

~~(3)~~ (19) South St. Paul police relief association;

~~(4)~~ (20) West St. Paul firefighters relief association; ~~and~~

~~(5)~~ (21) Winona fire department relief association; and

(22) Winona police relief association.

Sec. 9. Minnesota Statutes 1990, section 354.05, subdivision 15, is amended to read:

Subd. 15. [DEPENDENT SPOUSE.] "Dependent spouse" means the spouse of a deceased member who ~~has not remarried and~~ was living with and dependent upon the member at the time of death.

Sec. 10. Minnesota Statutes 1990, section 354.46, subdivision 1, is amended to read:

Subdivision 1. [BASIC PROGRAM; BENEFITS FOR SPOUSE AND CHILDREN OF TEACHER.] If a basic member who has at least 18 months of allowable service credit and who has an average salary as defined in section 354.44, subdivision 6, equal to or greater than $75 dies prior to retirement or if a former basic member who, at the time of death, was totally and permanently disabled and receiving disability benefits pursuant to section 354.48 dies prior to attaining the age of 65 years, the surviving dependent spouse and dependent children of the basic member or former basic member shall be entitled to receive a monthly benefit as follows:

(a) Surviving dependent spouse.....	50 percent of the basic member's monthly average salary paid in the last full fiscal year preceding death
(b) Each dependent child ...	ten percent of the basic member's monthly average salary paid in the last full fiscal year preceding death

Payments for the benefit of any dependent child under the age of 22 years shall be made to the surviving parent, or if there be none, to the legal guardian of the child. The maximum monthly benefit shall not exceed $1,000 for any one family, and the minimum benefit

per family shall not be less than 50 percent of the basic member's average salary, subject to the foregoing maximum. The ~~surviving dependent spouse benefit shall terminate upon remarriage, and the~~ surviving dependent children's benefit shall be reduced pro tanto when any surviving child is no longer dependent.

If the basic member and the surviving dependent spouse are killed in a common disaster and if the total of all survivors benefits payable pursuant to this subdivision is less than the accumulated deductions plus interest payable, the surviving dependent children shall receive the difference in a lump sum payment.

If the survivor benefits provided in this subdivision exceed in total the monthly average salary of the deceased basic member, these benefits shall be reduced to an amount equal to the deceased basic member's monthly average salary.

Prior to payment of any survivor benefit pursuant to this subdivision, in lieu of that benefit, the surviving dependent spouse may elect to receive the joint and survivor annuity provided pursuant to subdivision 2, or may elect to receive a refund of accumulated deductions with interest in a lump sum as provided pursuant to section 354.47, subdivision 1. If there are any surviving dependent children, the surviving dependent spouse may elect to receive the refund of accumulated deductions only with the consent of the district court of the district in which the surviving dependent child or children reside.

Sec. 11. Minnesota Statutes 1990, section 354A.011, subdivision 26, is amended to read:

Subd. 26. [SPOUSE.] "Spouse" means the person who was legally married to and living with the member immediately prior to the member's death ~~and who has not remarried subsequent to the member's death~~.

Sec. 12. [EFFECTIVE DATE; RETROACTIVE EFFECT.]

(a) Sections 1 to 11 are effective on the day following final enactment.

(b) The elimination of the surviving spouse benefit discontinuation requirement provided for in sections 1 to 11 also applies to any surviving spouse receiving a surviving spouse benefit on the date of final enactment of the act and the potential surviving spouse of active, deferred, or retired plan members who have that status on the effective date of the change. Sections 1 to 11 do not apply to persons who formerly were receiving surviving spouse benefits and had those benefits discontinued by virtue of a remarriage and may

not be considered to authorize the payment of any retroactive survivor benefit amounts to any person or to an estate.

ARTICLE 2

PUBLIC PENSION PLAN ACTUARIAL REPORTING REVISIONS

Section 1. Minnesota Statutes 1990, section 3.85, subdivision 11, is amended to read:

Subd. 11. [VALUATIONS AND REPORTS TO LEGISLATURE.] (a) The commission shall contract with an established actuarial consulting firm to conduct annual actuarial valuations ~~and financial adequacy studies~~ for the retirement plans named in paragraph (b). The contract ~~shall~~ must include provisions for performing cost analyses of proposals for changes in benefit and funding policies.

(b) The contract for actuarial valuation ~~and analysis shall~~ must include the following retirement plans:

(1) the ~~statewide~~ teachers retirement plan, teachers retirement association;

(2) the general state employees retirement plan, Minnesota state retirement system;

(3) the correctional employees retirement plan, Minnesota state retirement system;

(4) the state patrol retirement plan, Minnesota state retirement system;

(5) the judges retirement plan, Minnesota state retirement system;

(6) the Minneapolis employees retirement plan, Minneapolis employees retirement fund;

(7) the ~~general~~ public employees retirement plan, public employees retirement association;

(8) the public employees police and fire plan, public employees retirement association;

(9) the Duluth teachers retirement plan, Duluth teachers retirement fund association;

(10) the Minneapolis teachers retirement plan, Minneapolis teachers retirement fund association;

(11) the St. Paul teachers retirement plan, St. Paul teachers retirement fund association;

(12) the legislator's retirement plan, Minnesota state retirement system; ~~and~~

(13) the elective state officers retirement plan, Minnesota state retirement system; and

(14) the public employees local government correctional service retirement plan, public employees retirement association, if there are any participants in that plan.

(c) ~~Every year~~ The contract ~~shall~~ must specify completion of ~~standard~~ annual actuarial ~~valuations for the~~ valuation calculations on a fiscal year basis with their contents as ~~described~~ specified in section 356.215, ~~subdivisions 4 to 4k, and cash flow forecasts through the amortization target date~~ and the standards for actuarial work adopted by the commission.

~~For every plan year~~ The contract ~~shall~~ must specify ~~preparation~~ completion of ~~an exhibit on the experience of the fund for inclusion in the annual actuarial valuation and completion of a periodic experience study~~ annual experience data collection and processing and a quadrennial published experience study for the plans listed in paragraph (b), clauses (1), (2), and (7), as provided for in the standards for actuarial work adopted by the commission. The experience ~~study shall~~ data collection, processing, and analysis must evaluate ~~the appropriateness of continuing to use for future valuations the assumptions relating to~~ the following:

(1) individual salary progression;

(2) rate of return on investments based on current asset value;

(3) payroll growth;

(4) mortality; ~~withdrawal; disability;~~

(5) retirement; ~~and any other experience-related factor that could impact the future financial condition of the retirement funds~~ age;

(6) withdrawal; and

(7) disablement.

(d) The actuary retained by the commission shall annually prepare a report to the legislature, including the commentary on the actuarial valuation calculations for the plans named in paragraph (b) and summarizing the results of the ~~valuations and cash flow projections~~ actuarial valuation calculations. ~~It~~ The commission-retained actuary shall include with ~~its~~ the report the actuary's recommendations concerning the appropriateness of the support rates to achieve proper funding of the retirement funds by the required funding dates. ~~It~~ The commission-retained actuary shall, ~~within two months of the completion~~ as part of the ~~periodic~~ quadrennial published experience ~~studies~~ study, ~~prepare a report~~ include recommendations to the legislature on the appropriateness of the actuarial valuation assumptions required for evaluation in the ~~periodic experience~~ study.

(e) If the actuarial gain and loss analysis in the actuarial valuation calculations indicate a persistent pattern of sizable gains or losses, as directed by the commission, the actuary retained by the commission shall prepare a special experience study for a plan listed in paragraph (b), clause (3), (4), (5), (6), (8), (9), (10), (11), (12), (13), or (14), in the manner provided for in the standards for actuarial work adopted by the commission.

(f) The term of the contract between the commission and the actuary retained by the commission is two years, plus not to exceed two one-year extensions before competitive bidding. The contract is subject to competitive bidding procedures as specified by the commission.

Subd. 12. [ALLOCATION OF ACTUARIAL COST.] (a) The commission shall assess each retirement plan specified in subdivision 11, paragraph (b), ~~other than clauses (12) and (13),~~ for a portion of the compensation paid to the actuary retained by the commission for the ~~cost of its~~ actuarial ~~valuations~~ valuation calculations and quadrennial experience studies. The assessment ~~shall be that part~~ is 72 percent of the amount of contract compensation for the actuarial consulting firm retained by the commission for ~~those 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)~~ actuarial valuation calculations, including the public employees police and fire plan consolidation accounts of the public employees retirement association, annual experience data collection and processing, and quadrennial experience studies.

The portion of the total assessment payable by each retirement system or pension plan must be determined as follows:

(1) Each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), must pay the following indexed amount based on

its total active, deferred, inactive, and benefit recipient membership:

up to 2,000 members, inclusive	$2.55 per member
2,001 through 10,000 members	$1.13 per member
over 10,000 members	$0.11 per member

The amount specified is applicable for the assessment of the July 1, 1991, to June 30, 1992, fiscal year actuarial compensation amounts. For the July 1, 1992, to June 30, 1993, fiscal year and subsequent fiscal year actuarial compensation amounts, the amount specified must be increased at the same percentage increase rate as the implicit price deflator for state and local government purchases of goods and services for the 12-month period ending with the first quarter of the calendar year following the completion date for the actuarial valuation calculations, as published by the federal Department of Commerce, and rounded upward to the nearest full cent.

(2) The total per-member portion of the allocation must be determined, and that total per-member amount must be subtracted from the total amount for allocation. Of the remainder dollar amount, the following per-retirement system and per-pension plan charges must be determined and the charges must be paid by the system or plan:

(i) 37.87 percent is the total additional per-retirement system charge, of which one-seventh must be paid by each retirement system specified in subdivision 11, paragraph (b), clauses (1), (2), (6), (7), (9), (10), and (11).

(ii) 62.13 percent is the total additional per-pension plan charge, of which one-thirteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (13), if there are not any participants in the plan specified in subdivision 11, paragraph (b), clause (14), or of which one-fourteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), if there are participants in the plan specified in subdivision 11, paragraph (b), clause (14).

(b) The assessment ~~shall~~ must be made ~~upon~~ following the completion of the actuarial ~~valuations~~ valuation calculations and the experience ~~studies~~ analysis. The amount of the assessment is appropriated from the retirement fund applicable to the retirement plan. Receipts from assessments ~~shall~~ must be deposited in the state treasury and credited to the general fund.

Sec. 2. Minnesota Statutes 1990, section 356.20, subdivision 4, is amended to read:

Subd. 4. [CONTENTS OF FINANCIAL REPORT.] The financial report required by this section ~~shall include:~~

~~(1)~~ must contain financial statements and disclosures that indicate the financial operations and position of the retirement plan and fund. The report must conform with generally accepted governmental accounting principles, applied on a consistent basis. The report must be audited. The report must include, as part of its exhibits or footnotes, an ~~exhibit~~ actuarial disclosure item based on the actuarial valuation calculations prepared by the commission-retained actuary or by the actuary retained by the retirement fund or plan, if applicable, according to applicable actuarial requirements enumerated in section 356.215, and specified in the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement. The ~~exhibit shall show the~~ accrued assets ~~of the fund~~, the accrued liabilities, including accrued reserves, and the unfunded actuarial accrued liability of the fund or plan must be disclosed. The ~~exhibit shall~~ disclosure item must contain ~~the certificate of~~ a declaration by the actuary retained by the legislative commission on pensions and retirement or the actuary retained by the fund or plan, whichever applies, specifying that the required reserves for any retirement, disability, or survivor benefits provided under a benefit formula are computed in accordance with the entry age actuarial cost method and ~~any~~ with the most recent applicable standards for actuarial work adopted by the legislative commission on pensions and retirement.

(a) Assets ~~shown in the exhibit shall~~ of the fund or plan contained in the disclosure item must include the following ~~items of actual assets:~~

~~Cash in office~~

~~Deposits in banks~~

~~Accounts receivable:~~

~~Accrued members' contributions~~

~~Accrued employer contributions~~

~~Other~~

~~Accrued interest on investments~~

~~Dividends on stocks, declared but not yet received~~

~~Investment in bonds at cost~~

~~Investment in stocks at cost~~

~~Investment in real estate~~

~~Equipment at cost, less depreciation~~

~~Other~~

~~Total assets ..... .~~

~~(b) The exhibit shall include a~~ statement of the actuarial value of current assets as ~~specified~~ defined in section 356.215, subdivision ~~4, including:~~

~~Cash, cash equivalents, and short-term securities~~

~~Fixed income investments~~

~~Equity investments~~

~~Real estate investments~~

~~Equity in the Minnesota postretirement investment fund~~

~~Other~~ 1:

	Value at cost	Value at market
Cash, cash equivalents, and short-term securities	.....	.....
Accounts receivable	.....	.....
Accrued investment income	.....	.....
Fixed income investments	.....	.....
Equity investments other than real estate	.....	.....
Real estate investments	.....	.....
Equipment	.....	.....
Equity in the Minnesota postretirement investment fund	.....	.....
Other	.....	.....
Total assets		
value at cost		.....
value at market		.....
value of current assets		..... .

~~(c)~~ (b) The ~~exhibit shall include a statement of the~~ unfunded actuarial accrued liability of the fund ~~which shall~~ or plan contained in the disclosure item must include the following measures of unfunded actuarial accrued liability, using the ~~actuarial~~ value of current assets ~~as specified in section 356.215, subdivision 1~~:

~~(i)~~ (1) unfunded actuarial accrued liability, ~~which shall be~~ determined by subtracting the current assets and the present value of future normal costs from the total current and expected future benefit obligations; and

~~(ii) current~~ (2) unfunded ~~actuarial liability~~ pension benefit obligation, ~~which is the total current benefit obligations less~~ determined by subtracting the ~~total~~ current assets~~; and~~

~~(iii) current and future unfunded actuarial liability, which is the total current and expected future benefit obligations less the total current and expected future assets~~ from the actuarial present value of credited projected benefits.

If the current assets of the fund or plan exceed the actuarial accrued liabilities, the excess ~~shall~~ must be ~~listed~~ disclosed and indicated as a surplus ~~and indicated in the exhibit following the itemization of benefit obligations~~.

~~(d) The exhibit shall include a footnote showing accumulated member contributions without interest.~~

~~(e) Current liabilities shown in the exhibit shall include the following items:~~

~~Current:~~

~~Accounts payable~~

~~Retirement annuity payments~~

~~Disability benefit payments~~

~~Survivor benefit payments~~

~~Refund to members~~

~~Accrued expenses~~

~~Suspense items~~

~~Total current liabilities ..... .~~

~~(f)~~ (c) The ~~exhibit shall include a schedule which shall be listed as the "current and expected future~~ pension benefit obligations.~~"~~ ~~The~~ schedule ~~shall~~ included in the disclosure must contain the following information on the benefit obligations:

~~1. Current~~ (1) The pension benefit ~~obligations~~ obligation, ~~which shall be~~ determined as the actuarial present value of ~~benefit obligations~~ credited projected benefits on account of service rendered to date, separately identified as follows:

~~(a)~~ (i) For annuitants
Retirement annuities
Disability benefits Surviving spouse and child benefits
~~(b)~~ (ii) For former members without vested rights
~~(c)~~ (iii) For deferred annuitants' benefits, including any augmentation
~~(d)~~ (iv) For active employees
~~Retirement annuities~~
~~Disability benefits~~
~~Refund liability due to death or withdrawal~~
~~Survivors' benefits~~
Accumulated employee contributions, including allocated investment income
Employer – financed benefits vested
Employer – financed benefits nonvested

Total ~~current benefits obligations~~ pension benefit obligation;

~~2. Expected future benefit obligations which shall be the actuarial value of benefit obligations on account of future service for active employees~~

~~3. Total current and expected future benefit obligations~~

~~4. In addition to the foregoing,~~ (2) If there are additional benefits not appropriately covered by the foregoing ~~three~~ items of benefit obligations, ~~they shall be listed separately~~ a separate identification of the obligation.

~~(2) An income statement prepared on an accrual basis showing all income and all deductions from income for the fiscal year. The statement shall show separate items for employee contributions, employer regular contributions, employer additional contributions if provided by law, investment income, profit on the sale of investments, and other income, if any.~~

~~(3) A statement of deductions from income, which shall include separate items for the payment of retirement annuities, disability benefits, surviving spouse benefits, surviving children's benefits, refunds to members terminating employment, refunds due to death of members and due to death of annuitants, the increase in total reserves required, general administrative expense incurred, loss on sale of investments, and any other deductions.~~

~~(4) A statement showing appropriate statistics concerning the~~

~~membership and beneficiaries of the fund, with indications of changes in the statistical data which may result from the current year's operation.~~

~~(5)~~ (d) Any additional statements or exhibits ~~which~~ or more detailed or subdivided itemization of a disclosure item that will enable the management of the fund to portray a true interpretation of the fund's financial condition~~, except that the term "surplus" or the term "excess of assets" shall not be used except as otherwise specifically provided for in this section, nor shall any representation of assets and liabilities other than as provided for in this section be included in the additional statements or exhibits.~~

~~(6) A more detailed or subdivided itemization of any of the items required by this section, if the management of the fund so desires.~~

Sec. 3. Minnesota Statutes 1990, section 356.215, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of sections 3.85 and 356.20 to 356.23, each of the following terms ~~shall~~ have the meaning given:

(1) "Actuarial valuation" or "actuarial valuation calculations" means a set of calculations prepared by the actuary retained by the legislative commission on pensions and retirement if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to ~~a stated~~ the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation ~~and the resulting actuarial balance sheet~~ of the benefit plan.

(2) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who has at least 15 years of service to major public employee pension or retirement funds or who is a fellow in the society of actuaries.

(3) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual if the benefit plan is governed by section 69.773 or over the earnings of the individual if the benefit plan is governed by any other law between the entry age and the assumed exit age, with the portion of this actuarial present value which is allocated to the valuation year to be the normal cost and the portion of this actuarial present value not provided for at the valuation date

by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

(4) "Experience study" means a report ~~which provides~~ providing experience data and an actuarial analysis ~~which substantiate~~ of the adequacy of the actuarial assumptions on which actuarial valuations are based.

(5) ~~"Expected future statutory supplemental contributions" means the sum of future employee and employer contributions at the rates specified in statute when the valuation is completed, reduced by the present value of future normal costs.~~

~~(6)~~ "Current assets" means the value of all assets at cost, ~~which includes~~ including realized capital gains or losses, plus one-third of any unrealized capital gains or losses.

~~(7)~~ (6) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations ~~less~~, reduced by the sum of current assets and the present value of future normal costs.

(7) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.

Sec. 4. Minnesota Statutes 1990, section 356.215, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS.] It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax supported retirement and pension plans for public employees. To achieve this goal, the legislative commission on pensions and retirement shall have prepared by the actuary retained by the commission annual actuarial ~~valuations and periodic experience studies~~ valuation calculations of the ~~public pension and~~ retirement plans enumerated in section 3.85, subdivision ~~12~~ 11, ~~clause~~ paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7). The governing or managing board or administrative officials of each public pension and retirement fund or plan enumerated in section 356.20, subdivision 2, clauses (9), (10), and (12) shall have prepared by an approved actuary annual actuarial valuations ~~and periodic experience studies~~ of their respective funds as provided in this section. This requirement ~~shall~~

also ~~apply~~ applies to any fund ~~which may be a~~ that is the successor to any organization enumerated in section 356.20, subdivision 2, or to the governing or managing board or administrative officials of any newly formed retirement fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire fund coming within the provisions of section 356.216.

Sec. 5. Minnesota Statutes 1990, section 356.215, subdivision 3, is amended to read:

Subd. 3. [REPORTS.] The actuarial ~~valuations~~ valuation calculations required annually ~~shall~~ must be made as of the beginning of each fiscal year. Two copies of the valuation ~~shall~~ calculations must be delivered to the executive director of the legislative commission on pensions and retirement, to the commissioner of finance and to the legislative reference library, not later than the first day of the sixth month occurring after the end of the previous fiscal year. Two copies of ~~any~~ a quadrennial experience study ~~prepared periodically as provided for in the standards adopted by the commission shall~~ must be filed with the executive director of the legislative commission on pensions and retirement, with the commissioner of finance, and with the legislative reference library, not later than the first day of the 11th month occurring after the end of the last fiscal year of the four-year period which the experience study covers. For actuarial ~~valuations~~ valuation calculations and experience studies prepared at the direction of the legislative commission on pensions and retirement, two copies of the document ~~shall~~ must be delivered to the governing or managing board or administrative officials of the applicable public pension and retirement fund or plan.

Sec. 6. Minnesota Statutes 1990, section 356.215, subdivision 4, is amended to read:

Subd. 4. [ACTUARIAL VALUATION; CONTENTS.] The actuarial valuation ~~shall~~ calculations must be made in conformity with the requirements of the definition contained in subdivision 1 and the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement. The actuarial valuation ~~shall~~ calculations must measure all aspects of the benefit plan of the fund in accordance with changes in benefit plans, if any, and salaries ~~as will or can~~ reasonably ~~be~~ anticipated to be in force during the ensuing fiscal year. The actuarial valuation ~~shall~~ calculations must be prepared in accordance with the entry age actuarial cost method.

The actuarial valuation calculations required under this section ~~shall~~ must include the information required in subdivisions 4a to 4k.

Sec. 7. Minnesota Statutes 1990, section 356.215, subdivision 4a, is amended to read:

Subd. 4a. [NORMAL COST.] For ~~each~~ a fund providing ~~any~~ benefits in whole or in part under a defined benefit plan, the actuarial valuation ~~shall contain an exhibit indicating~~ calculations must indicate the level normal cost of the benefits provided by the laws governing the fund as of the date of the valuation calculations, calculated in accordance with the entry age actuarial cost method. The normal cost ~~shall~~ must be expressed as a level percentage of the present value of future ~~payroll~~ payrolls of the active participants of the fund as of the date of the valuation.

Sec. 8. Minnesota Statutes 1990, section 356.215, subdivision 4b, is amended to read:

Subd. 4b. [ACCRUED LIABILITY.] For ~~each~~ a fund providing ~~any~~ benefits under a defined benefit plan, the actuarial valuation ~~shall~~ calculations must contain an exhibit indicating the actuarial accrued liabilities of the fund~~, which shall be equal to~~. This figure is the present value of ~~all~~ future benefits ~~minus~~, reduced by the present value of future normal costs, calculated in accordance with the entry age actuarial cost method.

Sec. 9. Minnesota Statutes 1990, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST AND SALARY ASSUMPTIONS.] (a) For funds governed by chapters ~~3A,~~ 352, 352B, ~~352C,~~ 353, 353C, and 354 ~~other than the variable annuity fund governed by section 354.62, and 490~~, the actuarial valuation ~~shall~~ calculations must use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of five percent, and ~~an~~ a future salary increase assumption ~~that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year~~ of 6.5 percent.

(b) For funds governed by chapter 354A, the actuarial valuation ~~shall~~ calculations must use preretirement and postretirement assumptions of 8.5 percent and ~~an~~ a future salary increase assumption ~~that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year~~ of 6.5 percent, but the actuarial valuation ~~shall~~ must reflect the payment of postretirement adjustments to retirees ~~shall be~~, based on the methods specified in the bylaws of the fund as approved by the legislature.

(c) For all other funds not specified in paragraph (a), (b), or (d), the actuarial valuation ~~shall~~ calculations must use a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and ~~an~~ a future salary increase assumption ~~that in each future year the salary on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year~~ of 3.5 percent.

(d) For funds governed by chapters 3A, 352C, and 490, the actuarial valuation ~~shall~~ calculations must use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of five percent, and ~~an~~ a future salary increase assumption ~~that~~ of 6.5 percent in each future year in which the salary amount payable is not determinable from section 3.099, 15A.081, subdivision 6, or 15A.083, subdivision 1, whichever ~~is applicable,~~ applies or from applicable compensation council recommendations under section 15A.082~~, the salary on which a retirement or other benefit is based is 1.065 multiplied by the known or computed salary for the preceding year, whichever is applicable~~.

Sec. 10. Minnesota Statutes 1990, section 356.215, subdivision 4e, is amended to read:

Subd. 4e. [OTHER ASSUMPTIONS.] The actuarial valuation ~~shall~~ calculations must use assumptions concerning mortality, disability, retirement, withdrawal, retirement age, and any other relevant demographic or economic factor~~, which shall~~. These must be set at levels consistent with those determined in the most recent quadrennial experience study completed ~~pursuant to~~ under subdivision 5, if required, or representative of the best estimate of future experience, if a quadrennial experience study is not required. The actuarial valuation ~~shall~~ calculations must contain an exhibit indicating any actuarial assumptions used in preparing the valuation report.

Sec. 11. Minnesota Statutes 1990, section 356.215, subdivision 4f, is amended to read:

Subd. 4f. [~~ACTUARIAL BALANCE SHEET~~ PUBLIC SECTOR ACCOUNTING DISCLOSURE INFORMATION.] The actuarial valuation ~~shall~~ calculations must contain ~~an actuarial balance sheet, which shall indicate current and expected future benefit obligations, current and expected future assets, unfunded actuarial accrued liability, current unfunded actuarial liability, and current and future unfunded actuarial liability. Specifically, the balance sheet for all funds, except local police, salaried firefighter, and specified volunteer firefighter funds, shall include the following:~~

~~CURRENT AND EXPECTED FUTURE ASSETS~~

~~Current assets~~	
~~Cash, cash equivalents, and short-term securities~~	~~$...~~
~~Fixed income investments~~	~~...~~
~~Equity investments~~	~~...~~
~~Real estate investments~~	~~...~~
~~Equity in the Minnesota~~	

~~postretirement investment fund~~	...	
~~Other~~	...	
~~Total current assets~~		$...
~~Expected future assets~~		
~~Present value of expected future statutory supplemental contributions~~	...	
~~Present value of future normal costs~~	...	
~~Total expected future assets~~		$...
~~Total current and expected future assets~~		$...

~~CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS~~

~~Current benefit obligations~~		
~~Actuarial present value of credited projected benefit obligations on account of service rendered to date:~~		
~~For annuitants~~		
~~Retirement annuities~~	$...	
~~Disability benefits~~	...	
~~Surviving spouse and child benefits~~	...	
~~For former members without vested rights~~	...	
~~For deferred annuitants' benefits, including any augmentation~~	...	
~~For active employees~~		
~~Retirement benefits~~	...	
~~Disability benefits~~	...	
~~Refund liability due to death or withdrawal~~	...	
~~Survivors' benefits~~	...	
~~Total current benefit obligations~~		$...
~~Expected future benefit obligations~~		
~~Actuarial value of benefit obligations on account of future service for active employees~~		$...
~~Total current and expected future benefit obligations~~		$...
~~Current unfunded actuarial liability (Total current benefit obligations less total current assets):~~		$...

~~Current and future unfunded actuarial liability~~
~~(Total current and expected future benefit obligations less total current and expected future assets):~~ ~~$...~~

~~In addition to that itemization of benefit obligations, separate items shall be shown for additional benefits, if any, which may not be appropriately included in that itemization~~ those actuarial calculations necessary to allow the retirement plan administration or participating employing units to prepare the pension-related portions of annual financial reporting that meet generally accepted accounting principles for the public sector.

Sec. 12. Minnesota Statutes 1990, section 356.215, subdivision 4g, is amended to read:

Subd. 4g. [AMORTIZATION CONTRIBUTIONS.] (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation ~~shall~~ calculations must contain an exhibit indicating the additional annual contribution ~~which would be required~~ sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 353C, 354, 354A, and 490, the additional contribution ~~shall~~ must be calculated on a level percentage of covered payroll basis by the established date for full funding ~~which is~~ in effect when the valuation is prepared. The level percent additional contribution ~~shall~~ must be calculated assuming annual payroll growth of 6.5 percent. For all other funds, the additional annual contribution ~~shall~~ must be calculated on a level annual dollar amount basis.

~~If,~~ (b) For any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation ~~shall be~~ is the first actuarial valuation date ~~which occurs~~ occurring after June 1, 2020.

~~If,~~ (c) For any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued

liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding ~~shall~~ must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund ~~shall~~ must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, ~~which~~ ~~is~~ needed to amortize the unfunded actuarial accrued liability amount determined ~~pursuant to subclause~~ under item (i) by the established date for full funding in effect ~~prior to~~ before the change ~~shall~~ must be calculated using the interest assumption specified in subdivision 4d in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund ~~shall~~ must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, ~~which~~ ~~is~~ needed to amortize the difference between the unfunded actuarial accrued liability amount calculated ~~pursuant to subclause~~ under item (i) and the unfunded actuarial accrued liability amount calculated ~~pursuant to subclause~~ under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective ~~shall~~ must be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution ~~pursuant to subclause~~ under item (iv) ~~shall~~ must be added to the level annual dollar amortization contribution or level percentage calculated ~~pursuant to subclause~~ under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in ~~subclause~~ item (iii) ~~will be~~ is amortized by the total level annual dollar or level percentage amortization contribution computed ~~pursuant to subclause~~ under item (v) ~~shall~~ must be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the

nearest integral number of years, but ~~which shall~~ not to exceed ~~a period of~~ 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ~~which shall~~ not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined ~~pursuant to subclause~~ under item (vi) ~~shall~~ must be added to the date as of which the actuarial valuation was prepared and the date obtained ~~shall be~~ is the new established date for full funding.

(d) For the Minneapolis employees retirement fund, the established date for full funding ~~shall be~~ is June 30, 2017.

Sec. 13. Minnesota Statutes 1990, section 356.215, subdivision 4h, is amended to read:

Subd. 4h. [ACTUARIAL GAINS AND LOSSES.] The actuarial valuation ~~shall~~ calculations must contain an exhibit consisting of an analysis by the actuary explaining the net increase or decrease in the unfunded actuarial accrued liability since the last valuation ~~must be provided~~. The explanation ~~shall~~ must subdivide the net increase or decrease in the unfunded actuarial accrued liability into at least the following parts:

(a) increases or decreases in the unfunded actuarial accrued liability because of changes in benefits;

(b) increases and decreases in the unfunded actuarial accrued liability because of ~~each change, if any,~~ changes in actuarial assumptions;

(c) increases or decreases in the unfunded actuarial accrued liability ~~separately by source~~ attributable to actuarial gains or losses resulting from any experience deviations ~~of~~ from the assumptions on which the valuation is based, as follows:

(i) actual investment earnings~~,~~;

(ii) actual postretirement mortality rates~~, and~~;

(iii) actual salary increase rates ~~from the assumptions on which the valuations are based~~; and

(iv) the remainder of the increase or decrease not attributable to any separate source;

(d) increases or decreases in unfunded actuarial accrued liability because of other reasons, including the effect of any amortization contribution paid or additional amortization contribution previously calculated but unpaid; and

(e) increases or decreases in unfunded actuarial accrued liability because of changes in eligibility requirements or groups included in the membership of the fund.

Sec. 14. Minnesota Statutes 1990, section 356.215, subdivision 4i, is amended to read:

Subd. 4i. [MEMBERSHIP TABULATION.] The actuarial valuation ~~shall~~ calculations must contain ~~an exhibit consisting of~~ a tabulation of active membership and annuitants in the fund. If the membership of a fund is under more than one general benefit program, a separate tabulation ~~shall~~ must be made for each general benefit program. The tabulations ~~shall~~ must be prepared by the administration of the pension fund and must contain the following information:

~~(a)~~ (1) Active members	Number
As of last valuation date	
new entrants	
Total	
Separations from active service	
Refund of contributions	
Separation with deferred annuity	
Separation with neither refund nor deferred annuity	
Disability	
Death	
Retirement with service annuity	
Total separations	
As of current valuation date	

~~(b)~~ (2) Annuitants	Number
As of last valuation date	
New entrants	
Total	
Terminations	
Deaths	
Other	
Total terminations	
As of current valuation date	

The tabulation required under ~~subclause (b) shall~~ clause (2) must be made separately for each of the following classes of ~~annuitants~~ benefit recipients:

~~(a)~~ (1) service retirement annuitants;
~~(b)~~ (2) disability benefit recipients;
~~(c)~~ (3) ~~Surviving spouse~~ survivor benefit recipients
~~(d) Surviving child benefit recipients~~; and
~~(e)~~ (4) deferred annuitants.

Sec. 15. Minnesota Statutes 1990, section 356.215, subdivision 4j, is amended to read:

Subd. 4j. [ADMINISTRATIVE EXPENSES.] The actuarial valuation ~~shall contain an exhibit indicating a statement of~~ calculations must indicate the administrative expenses of the fund, expressed both in dollars and ~~also~~ as a percentage of covered payroll.

Sec. 16. Minnesota Statutes 1990, section 356.215, subdivision 4k, is amended to read:

Subd. 4k. [PLAN SUMMARY.] The actuarial valuation ~~shall~~ calculations must contain ~~an exhibit indicating~~ a summary of the principal provisions of the plan upon which the valuation is based.

Sec. 17. Minnesota Statutes 1990, section 356.215, subdivision 5, is amended to read:

Subd. 5. [QUADRENNIAL EXPERIENCE STUDY; CONTENTS.] ~~Each~~ A quadrennial experience study ~~shall~~, if required, must contain an actuarial analysis of the experience of the fund ~~or association~~ and a comparison of the experience with the actuarial assumptions on which the most recent actuarial valuation of the retirement fund ~~or relief association~~ was based~~, and shall also contain a statement of the average ages at which service retirements have taken place~~.

Sec. 18. Minnesota Statutes 1990, section 356.215, subdivision 6, is amended to read:

Subd. 6. [ACTUARIAL SERVICES BY APPROVED ACTUARIES.] ~~Each~~ (a) The actuarial valuation calculations or quadrennial experience study ~~shall~~ must be made and any actuarial consulting services for a retirement fund or plan ~~shall~~ must be provided by an approved actuary. The actuarial valuation calculations or quadrennial experience study ~~shall~~ must include a ~~certification~~ declaration that it has been prepared ~~in accordance with the provisions of~~ according to sections 356.20 to 356.23 and the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement.

(b) Actuarial valuations, actuarial valuation calculations, or experience results prepared by an actuary retained by a retirement

fund or plan must be submitted to the legislative commission on pensions and retirement within ten days of the submission of the document to the retirement fund or plan.

Sec. 19. Minnesota Statutes 1990, section 356.215, subdivision 7, is amended to read:

Subd. 7. [ESTABLISHMENT OF ACTUARIAL ASSUMPTIONS.] Actuarial assumptions used for actuarial valuations under this section that are other than those set forth in this section may be changed only with the approval of the legislative commission on pensions and retirement. A change in the applicable actuarial assumptions may be proposed by the governing board of the applicable pension fund or relief association, by the actuary retained by the legislative commission on pensions and retirement, by the actuarial advisor ~~retained by~~ to a pension fund governed by chapter 352, 353, 354, or 354A, or by the actuary retained by a local police or firefighters relief association governed by sections 69.77 or 69.771 to 69.776, if one is retained.

Sec. 20. [MODIFICATIONS IN ACTUARIAL SERVICES.]

(a) The actuary retained by the legislative commission on pensions and retirement is not required to prepare actuarial valuation calculations of the public employees local government correctional employees retirement plan unless the plan is implemented by a county under Minnesota Statutes, section 353C.04.

(b) The cost of any requested benefit projections by the commission-retained actuary relating to the Minnesota postretirement investment fund for the state board of investment is payable by the state board of investment.

(c) Actuarial valuation calculations under Minnesota Statutes, section 356.215, for July 1, 1991, and thereafter, are not required to have an individual commentary section. The commentary section, if omitted from the individual plan actuarial valuation calculations, must be included in an appropriate generalized format as part of the report to the legislature under Minnesota Statutes, section 3.85, subdivision 11.

(d) Actuarial valuation calculations under Minnesota Statutes, section 356.215, for July 1, 1991, and thereafter, are not required to contain separate actuarial valuation results for basic and coordinated programs unless each program has a membership of at least ten percent of the total membership of the fund. Actuarial valuation calculations under Minnesota Statutes, section 356.215, for July 1, 1991, and thereafter, are not required to contain cash flow forecasts.

(e) Actuarial valuation calculations of the public employees police

and fire fund local consolidation accounts for July 1, 1991, and thereafter, are not required to contain separate tabulations or summaries of active member, service retirement, disability retirement, and survivor data for each local consolidation account.

(f) The commission-retained actuary is:

(1) required to publish experience findings for plans for which experience findings are required only on a quadrennial basis for the four-year period ending June 30, 1992, and every four years thereafter;

(2) not required to prepare a separate experience analysis or publish separate experience findings for basic and coordinated programs if separate actuarial valuation results for the programs are not required; and

(3) not required to calculate investment rate of return experience results on any basis other than current asset value as defined in Minnesota Statutes, section 356.215, subdivision 1, clause (6).

Sec. 21. [REPEALER.]

Minnesota Statutes 1990, sections 352.85, subdivision 6; 352.86, subdivision 4; and 353A.09, subdivision 7, are repealed.

Sec. 22. [EFFECTIVE DATE.]

Sections 1 to 21 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to retirement; various public employee pension plans; providing for the continuation of surviving spouse benefits in the event of remarriage; modifying the surviving spouse benefit of the legislators retirement plan; modifying the duties and functions of the consulting actuary retained by the legislative commission on pensions and retirement; modifying the various public pension plan actuarial reporting requirements; amending Minnesota Statutes 1990, sections 3.85, subdivision 11; 3A.04, subdivision 1; 352B.11, subdivision 2; 352C.04, subdivisions 1 and 4; 353.01, subdivision 20; 353.31, subdivision 1; 353.657, subdivision 2; 353B.11, subdivision 6; 354.05, subdivision 15; 354.46, subdivision 1; 354A.011, subdivision 26; 356.20, subdivision 4; and 356.215, subdivisions 1, 2, 3, 4, 4a, 4b, 4d, 4e, 4f, 4g, 4h, 4i, 4j, 4k, 5, 6, and 7; repealing Minnesota Statutes 1990, sections 352.85, subdivision 6; 354.86, subdivision 4; and 353A.09, subdivision 7."

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. 587, A bill for an act relating to security guards; requiring the registration of the employees of private detectives and protective agents, and proprietary guards; precluding local regulation of private detectives and protective agents; providing penalties; amending Minnesota Statutes 1990, sections 326.32, subdivision 14, and by adding subdivisions; 326.3341; and 326.3381, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 326.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 326.32, subdivision 13, is amended to read:

Subd. 13. (a) "Security guard" means a person who wears or carries any insignia that identifies the person to the public as security, who is paid a fee, wage, or salary to do one or more of the following:

(1) prevent or detect intrusion, unauthorized entry or activity, vandalism, or trespass on private property;

(2) prevent or detect theft, loss, embezzlement, misappropriation, or concealment of merchandise, money, bonds, stocks, notes, or other valuable documents or papers;

(3) control, regulate, or direct the flow or movements of the public, whether by vehicle or otherwise, to assure protection of private property;

(4) protect individuals from bodily harm; or

(5) enforce policies and rules of the security guard's employer related to crime reduction to the extent that the enforcement falls within the scope of the security guard's duties.

(b) The term "security guard" does not include:

(1) an auditor, accountant, or accounting clerk performing audits or accounting functions;

(2) an employee of a firm licensed under section 326.3381 whose duties are primarily administrative or clerical in nature;

(3) a person employed by a proprietary company to conduct plain-clothes surveillance or investigation;

(4) a person temporarily employed under *statute or ordinance* by political subdivisions to provide protective services at social functions;

(5) an employee of an air or rail carrier;

(6) a customer service representative or sales clerk employed in a retail establishment; ~~or~~

(7) a person employed to perform primarily maintenance or custodial functions;

(8) a person employed as an usher or ticket taker; or

(9) a person performing security services for a nuclear facility or defense contractor for which federal law requires a facility security clearance.

Sec. 2. Minnesota Statutes 1990, section 326.32, subdivision 14, is amended to read:

Subd. 14. [ARMED EMPLOYEE.] "Armed employee" means ~~an employee of~~ a security guard or a private detective or protective agent license holder or employee who at any time in the performance of the employee's duties wears, carries, possesses, or has access to a firearm.

Sec. 3. [326.3312] [LOCAL REGULATION PRECLUDED.]

No political subdivision of the state may enact or enforce an ordinance regulating, licensing, or taxing license holders or employees of license holders governed by sections 326.32 to 326.339.

Sec. 4. Minnesota Statutes 1990, section 326.3341, is amended to read:

326.3341 [EXEMPTIONS.]

~~Sections 326.32 to 326.339~~ The licensing requirements of section 326.3381 do not apply to:

(1) an employee while providing security or conducting an inves-

tigation of a pending or potential claim against the employee's employer;

(2) a peace officer or employee of the United States, this state or one of its political subdivisions, while engaged in the discharge of official duties for the government employer, or a confidential informant working under a law enforcement agency;

(3) persons engaged exclusively in obtaining and furnishing information as to the financial standing, rating, and credit responsibility of persons ~~or as to the personal habits~~, and the financial responsibility of applicants for insurance, indemnity bonds, or commercial credit;

(4) an attorney-at-law while performing the duties of an attorney-at-law or an investigator ~~employed exclusively by an attorney or~~ who is an employee of a law firm ~~engaged in investigating legal matters~~;

(5) a collection agency or finance company licensed to do business under the laws of this state or an employee of one of those companies while acting within the scope of employment when making an investigation incidental to the business of the agency, including an investigation as to location of a debtor, of the debtor's assets or property, provided the client has a financial interest in or a lien upon the assets or property of the debtor;

(6) an insurance adjuster employed exclusively by an insurance company, or licensed as an adjuster with the state of Minnesota and engaged in the business of adjusting insurance claims; or

(7) persons engaged in responding to alarm signals including, but not limited to, fire alarms, industrial process failure alarms and burglary alarms, for purposes of maintaining, repairing or resetting the alarm, or for opening the premises for law enforcement personnel or responding agents.

Sec. 5. [326.3342] [REGISTRATION OF EMPLOYEES WITH ACCESS TO WEAPONS.]

Subdivision 1. [REGISTRATION PROCESS.] (a) When a license holder hires a person to perform armed security services as a private detective or security guard, or a proprietary employer hires a person to perform armed security services as a security guard, the employer shall submit to the bureau of criminal apprehension a full set of fingerprints of each employee and the written consent of the employee to enable the bureau to determine whether that person has a criminal record. The person is a conditional employee in the position requiring registration until the employer receives a report from the bureau that, based on a check of the criminal records

maintained by the bureau, the prospective employee has not been convicted in Minnesota of a felony or any offense listed in section 326.3381, subdivision 3, other than a misdemeanor or gross misdemeanor assault. During the period of conditional employment, the person may not serve in an armed security services position as a private detective, protective agent, or security guard, but may be trained by the employer.

(b) When the employee ceases to be a conditional employee, the employer shall apply to the board for registration of the employee as required by this section.

(c) When the bureau receives employee fingerprints under this section, the bureau shall immediately request the Federal Bureau of Investigation to conduct a check of each conditional employee's criminal record, and the bureau of criminal apprehension shall immediately forward the results to the employer when they are received.

(d) If the bureau report or Federal Bureau of Investigation report indicates that the employee was convicted of a disqualifying offense, the employer shall immediately remove the employee from job duties involving the performance of armed security services.

(e) For purposes of this section, "armed security services" means the duties of a person acting as an armed employee or performing the duties of a position in which the person uses or has regular access to any type of weapon, including a bludgeon, nightstick, baton, chemical weapon, or electronic incapacitation device.

Subd. 2. [REGISTRATION QUALIFICATIONS.] A license holder or an employer of a security guard shall apply to the board for registration of a new employee who performs armed security services. To qualify for registration under this section, a person must:

(1) be at least 18 years old or, if employed as an armed employee, at least 21 years old;

(2) be a citizen of the United States or a legally registered alien; and

(3) not have been convicted in any jurisdiction of a violent offense that would be a felony under the laws of this state, or, during the previous ten years, of a nonviolent offense that would be a felony under the laws of this state, or, during the previous five years, of an offense that would be a gross misdemeanor listed in section 326.3381, subdivision 3, under the laws of this state.

Subd. 3. [APPLICATION; CONTENTS.] (a) An applicant for registration under this section shall provide to the applicant's

employer, for forwarding to the board and on a form furnished by the board, the following information with respect to the applicant:

(1) full name, full current address, and residence telephone number;

(2) date and place of birth;

(3) proof of United States citizenship or work authorization;

(4) full addresses of all residences in the last three years;

(5) names and addresses of all employers during the last five years;

(6) a list of any past or pending criminal charges, arrests, and convictions in any jurisdiction, including the dates, locations, and specific nature of the offenses and a description of any sentence;

(7) if an applicant was in military service, the type of discharge;

(8) a general physical description; and

(9) a list of any name or names, other than the name used on the application, used by the applicant or by which the applicant was known, along with an explanation of where and when the name or names were used and the reason for the use.

(b) In addition, the applicant shall furnish to the applicant's employer for forwarding to the board:

(1) one classifiable set of fingerprints;

(2) one color photograph, taken within the last three months, that shows the hair style, facial hair, and eyeglasses worn by the applicant at the time of application, and an additional color photograph, in a size and format prescribed by the employer, for use on the employer's identification card;

(3) a sworn statement whether the applicant has been denied registration for comparable employment in this state or in any other jurisdiction, or has had a registration suspended or revoked, and, if so, an explanation of the date and place of the action and the reason for it; and

(4) a sworn statement that the applicant will notify the board in writing within 14 days of any material change in any of the information furnished on the application form.

(c) An applicant who submits false information of a material nature under paragraph (a) or (b) or subdivision 4 will not be permitted to reapply for registration for a period of two years from the date of the application containing the false information.

Subd. 4. [TRAINING REQUIREMENTS.] In addition to the information and materials required by subdivision 3, an applicant for registration shall furnish to the employer, for forwarding to the board, evidence of having successfully completed the training required under section 326.3361 in a program approved by the board.

Subd. 5. [FEES.] A nonrefundable money order or cashier's check in an amount prescribed by the board under section 16A.128, but not to exceed $3, must accompany an application for registration or reregistration under this section.

Sec. 6. [326.3343] [PROCESSING OF EMPLOYEE APPLICATIONS.]

Subdivision 1. [APPLICATION.] Within ten days after receiving a complete application from an applicant's employer, the board shall issue the applicant a registration certificate, including a registration certificate as an armed employee if the applicant meets the requirements of section 5, subdivision 4, after the applicant has provided evidence of having successfully completed the preassignment or on-the-job training, or the equivalent, required by section 5, subdivision 4. A registration is valid for one year from its date of issuance and may be renewed for additional one-year periods upon application prescribed by the board and the payment of a fee prescribed by the board under section 16A.128, but not to exceed $3.

Subd. 2. [TERMINATION OF EMPLOYMENT.] If a registrant's employment is terminated for any reason, the employer shall notify the board of the termination within 30 days. If a registrant is again employed by a license holder while the registrant's registration is valid, the employer shall notify the board within ten days of the start of the new employment. An employer who fails to comply with this section is subject to disciplinary action under section 326.3387.

Sec. 7. Minnesota Statutes 1990, section 326.336, subdivision 1, is amended to read:

Subdivision 1. A license holder may employ, in connection with the business of private detective or protective agent, as many unlicensed persons as may be necessary; provided that every license holder is at all times accountable for the good conduct of every person employed. Registration of persons to perform armed security services is governed by section 5. For other employees, when a license holder hires a person to perform services as a private detective or ~~protective agent~~ security guard, the employer shall submit to the bureau of criminal apprehension a full set of finger-

prints of each employee and the written consent of the employee to enable the bureau to determine whether that person has a criminal record. The employee is a conditional employee until the employer receives a report from the bureau that, based on a check of the criminal records maintained by the bureau, the prospective employee has not been convicted in Minnesota of a felony or any offense listed in section 326.3381, subdivision 3, other than a misdemeanor or gross misdemeanor assault. During the period of conditional employment, the person may not serve as a private detective or ~~protective agent~~ security guard, but may be trained by the employer. The bureau shall immediately request the Federal Bureau of Investigation to conduct a check of each conditional employee's criminal record, and the bureau of criminal apprehension shall immediately forward the results to the employer when they are received. If the bureau report or Federal Bureau of Investigation report indicates that the employee was convicted of a disqualifying offense, the employer shall immediately dismiss the employee.

Sec. 8. Minnesota Statutes 1990, section 326.336, subdivision 2, is amended to read:

Subd. 2. An identification card must be issued by the license holder to each employee. The card must be in the possession of the employee to whom it is issued at all times. The identification card must contain the license holder's name, logo (if any), address or Minnesota office address, and the employee's photograph and physical description. The card must be signed by the employee and by the license holder, qualified representative, or Minnesota office manager. The card must indicate when the employee successfully completed certified training and certified continuing training, as prescribed by section 326.3361 and any rules adopted under section 326.3361.

Sec. 9. Minnesota Statutes 1990, section 326.3361, subdivision 1, is amended to read:

Subdivision 1. [RULES.] The board shall, by rule, prescribe the requirements, duration, contents, and standards for successful completion of certified training programs for license holders, qualified representatives, Minnesota managers, partners, security guards, and employees, including:

(1) first aid and firearms training required for armed employees, including training in the legal limitations on the justifiable use of force and deadly force as specified in sections 609.06 and 609.065;

(2) training in the use of weapons other than firearms, including bludgeons, nightsticks, batons, chemical weapons, and electronic incapacitation devices, and in the use of restraint or immobilization techniques, including the carotid neck restraint;

(3) training in the use of alternatives to the use of force;

(4) standards for weapons and equipment issued to or carried or used by license holders, qualified representatives, Minnesota managers, partners, security guards, or employees;

~~(4)~~ (5) preassignment or on-the-job training, or its equivalent, required before applicants may be certified; and

~~(5)~~ (6) continuing training for license holders, qualified representatives, Minnesota managers, partners, security guards, employees, and armed employees.

Sec. 10. Minnesota Statutes 1990, section 326.3361, subdivision 2, is amended to read:

Subd. 2. [REQUIRED CONTENTS.] The rules adopted by the board must require:

(1) 12 hours of preassignment or on-the-job certified training within the first 21 days of employment, or evidence that the employee has successfully completed equivalent training before the start of employment;

(2) standards for certification of ~~an~~ a license holder, qualified representative, Minnesota manager, partner, security guard, or employee, by the board, ~~as qualified~~ to carry or use a firearm, a weapon other than a firearm, or an immobilizing or restraint technique; and

(3) six hours a year of certified continuing training for all license holders, qualified representatives, Minnesota managers, partners, security guards, and employees, and an additional six hours a year for armed employees, which must include annual certification of the armed employee.

An employee may not carry or use a weapon while undergoing on-the-job training under this subdivision.

Sec. 11. Minnesota Statutes 1990, section 326.3361, subdivision 3, is amended to read:

Subd. 3. [USE OF WEAPONS; CERTIFICATION REQUIRED.] The rules must provide that no license holder, qualified representative, Minnesota manager, partner, security guard, or employee may carry or use a weapon or immobilizing or restraint technique without ~~being certified~~ having successfully completed certified training as directed by the board ~~as qualified to do so~~. The ~~board shall issue an~~ identification card ~~to a person certified under this subdivision~~ issued by the license holder under section 326.336,

subdivision 2, shall indicate when the person successfully completed the required certified training and certified continuing training. A certified license holder, qualified representative, Minnesota manager, partner, or employee shall have the card in ~~the employee's~~ possession while ~~working as an armed employee~~ acting within the scope of the licensed activity as a private detective or protective agent as defined in section 326.338.

Sec. 12. Minnesota Statutes 1990, section 326.3381, subdivision 1a, is amended to read:

Subd. 1a. [PROPRIETARY EMPLOYERS.] A proprietary employer is not required to obtain a license, but must comply with section ~~326.336, subdivision 1~~ 5, with respect to the hiring of security guards.

Sec. 13. Minnesota Statutes 1990, section 326.3381, subdivision 2, is amended to read:

Subd. 2. [APPLICATION PROCEDURE.] The board shall issue a license upon application to any person qualified under sections 326.32 to 326.339 and under the rules of the board to engage in the business of private detective or protective agent. The license shall remain effective for two years as long as the license holder complies with sections 326.32 to 326.339, the laws of Minnesota, and the rules of the board. Upon receipt of an application for private detective or protective agent license, the board shall:

(1) post notice of the application in its office for a period of 20 days, and notify all persons who have requested notification of applications;

(2) conduct an investigation as it considers necessary to determine the qualifications of the applicant, qualified representative, Minnesota manager, and if appropriate, a partner or corporate officer, including, when appropriate, a criminal history record check; and

(3) notify the applicant of the date on which the board will conduct a review of the license application.

Sec. 14. Minnesota Statutes 1990, section 326.3381, subdivision 3, is amended to read:

Subd. 3. [DISQUALIFICATION.] No person is qualified to hold a license who has:

(1) been convicted of (i) a felony by the courts of this or any other state or of the United States; (ii) ~~acts which~~ an act that, if done in Minnesota, would be any of the following offenses at the felony or gross misdemeanor level: criminal sexual conduct; assault; theft;

larceny; burglary; robbery; unlawful entry; extortion; defamation; buying or receiving stolen property; using, possessing, manufacturing, or carrying weapons unlawfully; using, possessing, or carrying burglary tools unlawfully; escape; ~~possession~~ possessing, ~~production~~ producing, ~~sale~~ selling, or ~~distribution of narcotics~~ distributing controlled substances unlawfully; or (iii) in any other country of acts which, if done in Minnesota, would be a felony or would be any of the other offenses provided in this clause and for which a full pardon or similar relief has not been granted;

(2) made any false statement in an application for a license or any document required to be submitted to the board; or

(3) failed to demonstrate to the board good character, honesty, and integrity.

Sec. 15. Minnesota Statutes 1990, section 326.3386, subdivision 2, is amended to read:

Subd. 2. [LICENSE FEE.] Each applicant for a private detective or protective agent license shall pay to the board a license fee, as determined by the board. In the event that an applicant is denied licensing by the board, one-half of the license fee shall be refunded to the applicant. The board may also collect from license applicants an appropriate fee to cover the cost of a criminal history record check.

Sec. 16. Minnesota Statutes 1990, section 326.3388, is amended to read:

326.3388 [ADMINISTRATIVE PENALTIES.]

The board shall, by rule, establish a graduated schedule of administrative penalties for violations of sections 326.32 to 326.339 or the board's rules. The schedule must include minimum and maximum penalties for each violation and be based on and reflect the culpability, frequency, and severity of the violator's actions. The board may impose a penalty from the schedule on a license holder or on any other person for a violation of sections 326.32 to 326.339 or the rules of the board. In addition, the board may seek court orders against violators requiring them to cease operations that violate sections 326.32 to 326.339. The penalty is in addition to any criminal penalty imposed for the same violation. Administrative penalties imposed by the board must be paid to the general fund.

Sec. 17. [EXISTING EMPLOYEES.]

Notwithstanding sections 5 and 6, a person employed as a security guard performing armed security services, as defined in section 5, on the effective date of sections 5 and 6 shall register with the board

within six months after the effective date. A person employed as an armed employee shall successfully complete the training required for registration as an armed employee within 60 days of the effective date. A person covered by this section shall also comply with the continuing training requirements prescribed by the board.

Sec. 18. [REVISOR INSTRUCTION.]

The revisor of statutes shall arrange the definitions in Minnesota Statutes 1992, section 326.32, in alphabetical order.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 18 are effective July 1, 1992."

Delete the title and insert:

"A bill for an act relating to security guards; requiring the registration of certain employees of private detectives and protective agents, and proprietary employers; precluding local regulation of private detectives and protective agents; providing penalties; amending Minnesota Statutes 1990, sections 326.32, subdivisions 13 and 14; 326.3341; 326.336, subdivisions 1 and 2; 326.3361, subdivisions 1, 2, and 3; 326.3381, subdivisions 1a, 2, and 3; 326.3386, subdivision 2; and 326.3388; proposing coding for new law in Minnesota Statutes, chapter 326."

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 723, A bill for an act relating to transportation; establishing state transportation goals and requiring periodic revisions of the state transportation plan; establishing a Minnesota highway board and prescribing its powers and duties; directing a study of rail-highway grade crossings and requiring a report; authorizing the commissioner of transportation to make grants for the improvement of commercial navigation facilities; authorizing local units of government to advance funds for the completion of trunk highway projects; authorizing cities to assess up to 35 percent of a street improvement without regard to benefits conferred; authorizing cities to impose street access charges on building permits; authorizing road authorities to enter into agreements for the construction, maintenance, and operation of toll roads and bridges; creating a

transportation services fund and providing for its uses; specifying percentage of unrefunded motor fuel tax revenue that is attributable to use on forest roads; authorizing the commissioner of transportation to plan, acquire, construct and equip light rail transit facilities, and restricting authority of regional rail authorities; directing a study of highway corridors; creating a legislative advisory commission on transportation and directing it to conduct certain studies; amending Minnesota Statutes 1990, sections 162.02, subdivision 3a; 168.54, subdivisions 5 and 6; 169.09, subdivision 13; 169.86, subdivision 5; 169.862; 170.23; 171.185; 171.26; 171.36; 173.13, subdivision 4; 173.231; 174.01; 174.03, subdivision 2, and by adding a subdivision; 221.036, subdivision 14; 296.16, subdivision 1a; 296.421, subdivision 8; 299D.03, subdivision 5; 398A.04, subdivision 8; 473.399, by adding a subdivision; 473.3993, subdivisions 2, 3, and by adding a subdivision; 473.3994; 473.3996; proposing coding for new law in Minnesota Statutes, chapters 3; 160; 161; 162; 174; 221; 471; and 473; proposing coding for new law as Minnesota Statutes, chapter 457A; repealing Minnesota Statutes 1990, section 473.3994, subdivision 6; and Laws 1989, chapter 339, section 21.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

TRANSPORTATION PLANNING

Section 1. Minnesota Statutes 1990, section 174.01, is amended to read:

174.01 [CREATION; POLICY.]

Subdivision 1. [DEPARTMENT CREATED.] In order to provide a balanced transportation system, which system includes aeronautics, highways, motor carriers, ports, public transit, railroads and pipelines, a department of transportation is created. The department shall be the principal agency of the state for development, implementation, administration, consolidation, and coordination of state transportation policies, plans and programs.

Subd. 2. [TRANSPORTATION GOALS.] The legislature establishes the following goals of the state transportation system:

(1) to provide safe transportation for all users throughout the state;

(2) to provide multimodal transportation that enhances mobility and economic development and that provides access to all persons

and businesses in Minnesota while ensuring that there is no undue burden placed on any community;

(3) to provide a reasonable travel time for commuters to and from work or school;

(4) to provide for the economical, efficient, and safe movement of goods to and from markets by rail, highway, and waterway;

(5) to encourage tourism by providing appropriate transportation to Minnesota facilities designed to attract tourist;

(6) to provide transit services throughout the state to meet the mobility needs of transit users;

(7) to manage the transportation system to ensure the highest levels of productivity;

(8) to provide safe and efficient air transportation in Minnesota;

(9) to maximize the benefits received for each state transportation investment;

(10) to provide funding for transportation that, at a minimum, ensures no further deterioration of the transportation infrastructure;

(11) to ensure that the planning and implementation of all modes of transportation are consistent with the environmental and energy goals of the state; and

(12) to increase high occupancy vehicle use; and

(13) to increase transit use in urban areas by giving highest priority to the transportation modes with the greatest people-moving capacity, to the extent practicable.

Sec. 2. Minnesota Statutes 1990, section 174.03, is amended by adding a subdivision to read:

Subd. 1a. [REVISION OF STATE TRANSPORTATION PLAN.] The commissioner shall revise the state transportation plan not later than July 1, 1993, and not later than July 1 of each odd-numbered year afterward. The revised state transportation plan must:

(1) incorporate the goals of the state transportation system as enumerated in section 174.01; and

(2) provide for objectives, policies, and strategies for achieving those goals.

Sec. 3. Minnesota Statutes 1990, section 174.03, subdivision 2, is amended to read:

Subd. 2. [IMPLEMENTATION OF PLAN.] After the adoption and each revision of the statewide transportation plan, the commissioner and the transportation regulation board shall take no action inconsistent with that revised plan.

ARTICLE 2

RAILROAD CROSSINGS

Section 1. [RAIL-HIGHWAY CROSSING IMPROVEMENT.]

Subdivision 1. [STATE RAIL CORRIDOR STUDY.] The commissioner of transportation shall conduct a study of railroad crossing safety and improvement in Minnesota.

Subd. 2. [CONTENT OF STUDY.] The rail-highway grade crossing study must include:

(1) a method of determining the relative benefits of grade crossing protection and improvement to the railroad, the road authority, and the public and cost-sharing guidelines;

(2) sources of funding for grade crossing protection and improvement;

(3) research needs for grade crossing safety; and

(4) recommendations for statutory changes to improve grade crossing safety.

Subd. 3. [REPORT.] The commissioner shall report to the governor and legislature not later than February 1, 1992, on the results of the study.

Sec. 2. Minnesota Statutes 1990, section 169.26, is amended to read:

169.26 [SPECIAL STOPS AT RAILROADS.]

Subdivision 1. [REQUIREMENTS.] (a) When any person driving a vehicle approaches a railroad grade crossing under any of the circumstances stated in this paragraph, the driver shall stop the vehicle not less than ten feet from the nearest railroad track and shall not proceed until safe to do so. These requirements apply when:

(1) a clearly visible electric or mechanical signal device warns of the immediate approach of a railroad train;

(2) a crossing gate is lowered warning of the immediate approach or passage of a railroad train; or

(3) an approaching railroad train is plainly visible and is in hazardous proximity.

(b) The driver of a vehicle shall stop and remain standing and not traverse the grade crossing when a human flagger signals the approach or passage of a train. No person may drive a vehicle past a flagger at a railroad crossing until the flagger signals that the way is clear to proceed.

(c) The fact that a train approaching a railroad grade crossing is visible from the crossing shall be prima facie evidence that it is not safe to proceed.

Subd. 1a. [VIOLATION.] (a) A peace officer may arrest the driver of a motor vehicle if the peace officer has probable cause to believe that the driver has operated the vehicle in violation of subdivision 1 within the past four hours.

(b) The owner or, in the case of a leased vehicle, the lessee of a motor vehicle is subject to the penalties in subdivision 2 if a motor vehicle owned or leased by the person is operated in violation of subdivision 1. This subdivision does not apply to a lessor of a motor vehicle if the lessor keeps a record of the name and address of the lessee. This subdivision does not prohibit or limit the prosecution of a motor vehicle operator for violating subdivision 1. A violation of this paragraph does not constitute grounds for revocation or suspension of the owner's driver's license.

Subd. 2. [PENALTY.] A person who violates this section is guilty of a misdemeanor and subject to the following penalties:

(1) for the first offense, a fine of $100 and four hours of community service in an operation life saver program;

(2) for the second offense, a fine of $150 and eight hours of community service in an operation life saver program; and

(3) for the third and subsequent offenses, a fine of $250 and 12 hours of community service in an operation life saver program.

Subd. 3. [DRIVER TRAINING.] All driver education courses approved by the commissioner of education and the commissioner of public safety must include instruction on railroad-highway grade crossing safety. The commissioner of education and the commis-

sioner of public safety shall by rule provide minimum standards of course content relating to operation of vehicles at railroad and highway grade crossings.

Subd. 4. [APPROPRIATION.] The fines collected for a violation of subdivision 1 must be deposited in the state treasury and appropriated to the rail service improvement account under section 222.49 for public education on railroad grade crossing safety.

Sec. 3. Minnesota Statutes 1990, section 171.13, subdivision 1, is amended to read:

Subdivision 1. [APPLICANTS.] Except as otherwise provided in this section, the commissioner shall examine each applicant for a driver's license by such agency as the commissioner directs. This examination must include a test of applicant's eyesight; ability to read and understand highway signs regulating, warning, and directing traffic; knowledge of traffic laws; knowledge of the effects of alcohol and drugs on a driver's ability to operate a motor vehicle safely and legally; knowledge of railroad grade crossing safety; an actual demonstration of ability to exercise ordinary and reasonable control in the operation of a motor vehicle; and other physical and mental examinations as the commissioner finds necessary to determine the applicant's fitness to operate a motor vehicle safely upon the highways, provided, further however, no driver's license shall be denied an applicant on the exclusive grounds that the applicant's eyesight is deficient in color perception. Provided, however, that war veterans operating motor vehicles especially equipped for handicapped persons, shall, if otherwise entitled to a license, be granted such license. The commissioner shall make provision for giving these examinations either in the county where the applicant resides or at a place adjacent thereto reasonably convenient to the applicant.

Sec. 4. Minnesota Statutes 1990, section 171.13, is amended by adding a subdivision to read:

Subd. 1d. [RAILROAD CROSSING SAFETY.] The commissioner shall include in each edition of the driver's manual published by the department a section relating to safe operation of vehicles at railroad grade crossings.

Sec. 5. Minnesota Statutes 1990, section 219.074, is amended by adding a subdivision to read:

Subd. 3. [CROSSING INVENTORY.] By December 31, 1993, the commissioner shall complete an inventory of all public and private grade crossings in the state and shall annually revise the inventory to reflect grade crossing changes made under this section.

Sec. 6. [219.165] [SAFETY RULES AT PRIVATE RAILROAD GRADE CROSSINGS.]

By December 31, 1992, the commissioner shall adopt rules establishing minimum safety standards at all private railroad grade crossings in the state.

Sec. 7. [219.384] [REMOVAL OF DANGEROUS OBSTRUCTIONS.]

Subdivision 1. [REMOVAL ORDERED.] If a railroad company, road authority, or abutting property owner fails to control the growth of trees or vegetation or the placement of structures or other obstructions on its right-of-way or property so as to interfere with the safety of the public traveling on a public or private grade crossing, the local governing body of the town or municipality where the grade crossing is located may, by notice, require the obstruction to be removed as necessary to provide an adequate view of oncoming trains at the crossings. The commissioner shall adopt rules establishing minimum standards for visibility at public and private grade crossings.

Subd. 2. [PENALTY.] A railroad company, road authority, or property owner that fails to comply with this section within 30 days after being notified in writing is subject to a fine of $50 for each day that the condition is uncorrected.

Sec. 8. Minnesota Statutes 1990, section 219.402, is amended to read:

219.402 [ADEQUATE CROSSING PROTECTION.]

Crossing safety devices or improvements installed or maintained under this chapter as approved by the board, or the commissioner, whether by order or otherwise, are adequate and appropriate protection for the crossing.

Sec. 9. Minnesota Statutes 1990, section 222.50, subdivision 7, is amended to read:

Subd. 7. The commissioner may expend money from the rail service improvement account for the following purposes:

(a) To pay interest adjustments on loans guaranteed under the state rail user loan guarantee program;

(b) To pay a portion of the costs of capital improvement projects designed to improve rail service including construction or improvement of short segments of rail line such as side track, team track and connections between existing lines, and construction and improve-

ment of loading, unloading, storage and transfer facilities of a rail user;

(c) To acquire, maintain, manage and dispose of railroad right-of-way pursuant to the state rail bank program;

(d) To provide for aerial photography survey of proposed and abandoned railroad tracks for the purpose of recording and reestablishing by analytical triangulation the existing alignment of the inplace track; or

(e) To pay a portion of the costs of acquiring a rail line by a regional railroad authority established pursuant to chapter 398A.

(f) To promote research and public education in railroad grade crossing safety, in an amount not exceeding one percent of the money in the account in a fiscal year. The commissioner shall use part of the funds available under this paragraph to determine and demonstrate the feasibility and desirability of increasing the visibility of trains at railroad grade crossings including adding reflectorized materials or strobe lights to rail cars. The commissioner shall report to the chairs of the senate and house of representatives committees on transportation on the results of any such demonstration project.

All money derived by the commissioner from the disposition of railroad right-of-way or of any other property acquired pursuant to sections 222.46 to 222.62 shall be deposited in the rail service improvement account.

ARTICLE 3

PORT DEVELOPMENT ASSISTANCE

Section 1. [457A.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For purposes of sections 1 to 6, the following terms have the meanings given them.

Subd. 2. [COMMERCIAL NAVIGATION FACILITY.] "Commercial navigation facility" means (1) terminals and docks used for the transfer of property or passengers between commercial vessels and land, and supporting equipment, structures, and transportation facilities, (2) disposal facilities for dredging material produced by port development projects, and (3) buildings and related structures and facilities used by commercial vessels under construction or repair. "Commercial navigation facility" does not include any commercial navigation facility that is (1) not on the commercial navigation system, or (2) the responsibility of the United States corps of army engineers or the United States coast guard.

Subd. 3. [COMMERCIAL VESSEL.] "Commercial vessel" means a vessel used for the transportation of passengers or property. "Commercial vessel" does not include a vessel used primarily for recreational or sporting purposes.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of transportation.

Subd. 5. [DREDGING.] "Dredging" means excavating harbor sediment or bottom materials, including mobilizing or operating equipment for excavating and transporting dredged material to the placing dredged material in a disposal facility.

Subd. 6. [NAVIGATION SYSTEM.] "Navigation system" means (1) the commercially navigable waters of the Mississippi River, the Minnesota, and the St. Croix rivers, (2) the commercial harbors on Minnesota's Lake Superior shoreline, and (3) the commercial navigation facilities on those waterways.

Sec. 2. [457A.02] [PROGRAM ESTABLISHED.]

Subdivision 1. [PURPOSE OF PROGRAM.] A port development assistance program is established for the purpose of:

(1) expediting the movement of commodities and passengers on the commercial navigation system;

(2) enhancing the commercial vessel construction and repair industry in Minnesota; and

(3) promoting economic development in and around ports and harbors in the state.

Subd. 2. [COMMISSIONER TO ADMINISTER.] The commissioner shall administer the port development assistance program to advance the purposes of subdivision 1. In administering the program, the commissioner may:

(1) make grants and loans to persons eligible under section 3, subdivision 1, to apply for them; (2) make assistance agreements with recipients of grants and loans; and (3) adopt rules authorized by section 5.

Sec. 3. [457A.03] [PORT ASSISTANCE.]

Subdivision 1. [ELIGIBLE APPLICANTS.] Any person, political subdivision, or port authority, that owns a commercial navigation facility, may apply to the commissioner for assistance under this chapter.

Subd. 2. [TYPES OF ASSISTANCE.] The commissioner may make loans to an eligible applicant if the commissioner determines that the project submitted by the applicant for assistance will serve either or both of the purposes stated in section 2, subdivision 1, clauses (1) and (2). The commissioner may make grants, or a combination of grants and loans, to an eligible applicant if the commissioner determines that the project submitted by the applicant for assistance will serve either or both of the purposes stated in section 2, subdivision 1, clauses (1) and (2), and will also enhance economic development in and around the commercial navigation facility being assisted.

Subd. 3. [STATE PARTICIPATION; LIMITATIONS.] The commissioner may not provide any assistance under this chapter for more than 50 percent of the non-federal share of any project. Assistance provided under this chapter may not be used to match any other state funds, regardless of source. The commissioner shall not assume continuing funding responsibility for any commercial navigation facility project.

Sec. 4. [ASSISTANCE AGREEMENTS.]

Subdivision 1. [AGREEMENTS REQUIRED.] The commissioner may not provide any assistance to a project under this chapter unless the commissioner has signed an assistance agreement with the recipient of the assistance.

Subd. 2. [COSTS.] An assistance agreement must specify those project costs which may be paid in whole or in part with assistance from the commissioner. Assistance agreements may provide that only the following costs may be so paid:

(1) final engineering costs on a commercial navigation facility project;

(2) capital improvements to a commercial navigation facility; and (3) costs of dredging necessary to open a new commercial navigation facility project, and for disposal of dredged material.

The following costs may not be paid with assistance from the commissioner:

(1) the applicant's administrative, insurance, and legal costs;

(2) costs of acquiring permits for a project;

(3) costs of preparing environmental documents, feasibility studies, or project designs;

(4) interest on money borrowed by the applicant or interest charged to the applicant for late payment of project costs;

(5) any costs related to the routine maintenance or repair, or operation of a commercial navigation facility;

(6) costs of dredging to maintain an existing channel; and (7) any costs for a project that consists exclusively of dredging.

Subd. 3. [INSURANCE; LIABILITY.] An assistance agreement must require the applicant to:

(1) provide a comprehensive general liability insurance policy, complying with minimum amount prescribed by the commissioner by rule, naming the commissioner and officers, employees, and agents of the department of transportation as additional insureds; and

(2) save and hold the commissioner harmless from and against all liability, damage, loss, claims, demands, and actions related to the project being assisted.

Subd. 4. [PERFORMANCE AND PAYMENT BONDS.] An assistance agreement must require an assistance recipient to provide evidence of performance and payment bonds, satisfying all applicable legal requirements for the full amount of any and all construction contracts let by the applicant in connection with the project.

Subd. 5. [REPAYMENT.] An assistance agreement must require the recipient to repay all or part of any assistance received, in an amount determined by the commissioner, if the project for which the assistance is provided:

(1) is not completed according to the terms of the assistance agreement, or

(2) is converted, during the period of time specified in the assistance agreement, to a use that is (1) inconsistent with the purposes of this chapter, or (2) inconsistent with the terms of the assistance agreement, or (3) not approved in writing by the commissioner.

Sec. 5. [457A.05] [RULES.]

The commissioner may adopt rules that provide for:

(1) application procedures for assistance under this chapter;

(2) procedures for establishing deadlines for applications, and for notifying potential recipients of those deadlines;

(3) eligibility criteria for projects to be assisted;

(4) information required to be submitted with applications;

(5) contents of assistance agreements;

(6) any other requirement of this chapter; and

(7) any other requirement the commissioner deems necessary for the administration of this chapter.

Sec. 6. [457A.06] [REVOLVING FUND.]

Subdivision 1. [FUND ESTABLISHED.] A port development revolving fund is established in the state treasury. The fund consists of (1) all money appropriated to the commissioner for the purposes of this chapter, (2) all money received by the commissioner from repayment of loans made under this chapter, and (3) all interest earned on money deposited in the fund.

Subd. 2. [APPROPRIATION.] Money in the port development revolving fund is appropriated to the commissioner for expenditure for the purposes of this chapter.

Sec. 7. [EFFECTIVE DATE.] Sections 1 to 6 are effective July 1, 1991.

ARTICLE 4

LOCAL HIGHWAY FINANCE

Section 1. [160.82] [RUSTIC ROADS PROGRAM.]

Subdivision 1. [DESIGNATION.] A road authority other than the commissioner may, by resolution, designate a road or highway under its jurisdiction as a rustic road. A rustic road must have the characteristics of outstanding natural features or rustic or scenic beauty; a daily traffic volume of less than 150 vehicles per day; year-round use as a local access road; and maximum allowable speed of 45 miles per hour.

Subd. 2. [LOCAL AUTHORITY.] The road authority has the same authority over rustic roads as over other highways and roads under its jurisdiction. The road authority may designate the type and character of vehicles that may be operated on the rustic road; designate a rustic road or portion of the road as a pedestrian way or bicycle way, or both; and establish priority of right-of-way, paint lines, and construct dividers to physically separate vehicular, bicycle, or pedestrian traffic.

Subd. 3. [JOINT DESIGNATION.] Two or more road authorities may jointly designate a rustic road along a common boundary or into or through their jurisdictions. The road authorities may enter into agreements to divide the costs and responsibility for maintaining the rustic road.

Subd. 4. [COSTS.] A rustic road must be maintained by the road authority having jurisdiction over the road and is not eligible for state-aid funding. State money must not be spent to construct, reconstruct, maintain, or improve a rustic road, except that the commissioner shall pay from the transportation services fund the costs of publishing a map of rustic roads within the state and installing and maintaining signs designating rustic roads.

Sec. 2. [160.83] [STREETS AND HIGHWAYS WITHIN PARKS.]

Subdivision 1. [DEFINITION.] "Park road" means that portion of a street or highway located entirely within the park boundaries of or abutting a city, county, regional, or state park.

Subd. 2. [RESTRICTIONS.] A road authority may not make any changes in the width, grade, or alignment of a park road, other than a county state-aid highway or municipal state-aid street, that would affect the wildlife habitat or aesthetic characteristics of the park road or its adjacent vegetation or terrain, other than changes required to permit the safe travel of vehicles at the speed lawfully designated for that park road. A road authority may not make any changes in the width, grade, or alignment of a park road that is a county state-aid highway or municipal state-aid street that would affect the wildlife habitat or aesthetic characteristics of the park road or its adjacent vegetation or terrain, other than changes required by the minimum state-aid standard applicable to that road.

Subd. 3. [LIABILITY.] A road authority making changes in a park road described in subdivision 1, and its officers and employees, are exempt from liability for any tort claim for injury to persons or property arising from travel on that park road and related to the design of that park road, where the design has been adopted to conform to this section.

Sec. 3. [161.361] [ADVANCE FUNDING FOR TRUNK HIGHWAY PROJECTS.]

Subdivision 1. [ADVANCE FUNDING.] A road authority other than the commissioner may by agreement with the commissioner make advances from any available funds to the commissioner to expedite construction of all or part of a trunk highway within its boundaries. Money may be advanced under this section only for projects already included in the commissioner's highway work program.

Subd. 2. [REPAYMENT.] Subject to the availability of state money, the commissioner shall repay without interest the amount advanced under subdivision 1, up to the state's share of project costs, at the time the project is scheduled for completion in the highway work program. The total amount of annual repayment to road authorities under this section must never exceed the amount stated in the department's debt management policy or $10 million, whichever is less.

Subd. 3. [LOCAL COST SHARING FOR TRUNK HIGHWAY IMPROVEMENTS.] The commissioner may accept gifts, contributions, or grants from a local government body for trunk highway construction, reconstruction, improvement, or maintenance of trunk highways within its boundaries. Money accepted by the commissioner under this subdivision must not adversely affect the scheduling of other trunk highway projects that are not funded in whole or in part by local contributions.

Sec. 4. Minnesota Statutes 1990, section 162.02, subdivision 3a, is amended to read:

Subd. 3a. [VARIANCES, RULES AND ENGINEERING STANDARDS.] The commissioner may grant variances from the rules and from the engineering standards developed pursuant to section 162.021 or 162.07, subdivision 2. A political subdivision in which a county state-aid highway is located or is proposed to be located may submit a written request to the commissioner for a variance for that highway. The commissioner shall publish notice of the request in the state register and give notice to all persons known to the commissioner to have an interest in the matter. The commissioner may grant or deny the variance within 30 days of providing notice of the request. If a written objection to the request is received within 20 days of providing notice, the variance shall be granted or denied only after a contested case hearing has been held on the request. If no timely objection is received and the variance is denied without hearing, the political subdivision may request, within 30 days of receiving notice of denial, and shall be granted a contested case hearing. For purposes of this subdivision, with respect to a variance required for a county state-aid highway that is a park road as defined in section 160.83, subdivision 1, "political subdivision" includes (1) an agency of a political subdivision which has jurisdiction over parks, and (2) a regional park agency.

Sec. 5. [162.021] [NATURAL PRESERVATION ROUTES.]

Subdivision 1. [NATURAL PRESERVATION ROUTES ESTABLISHED.] The commissioner shall create within the county state-aid highway system a system of natural preservation routes. The commissioner shall provide for criteria for inclusion in the system and for the adoption of standards for the design, construction, and reconstruction of routes on the system.

Subd. 2. [CRITERIA.] The criteria for inclusion on the natural preservation route system must provide for the inclusion in the system of those county state-aid highways that possess unique scenic, environmental, aesthetic, recreational, or historic characteristics that would be harmed by construction or reconstruction using standards applicable to county state-aid highways that are not part of the natural preservation route system.

Subd. 3. [STANDARDS.] The design, construction, and reconstruction standards adopted by the commissioner for natural preservation routes must provide for the preservation of the characteristics described in subdivision 2, to the extent consistent with public safety. The standards must provide for minimum width of vehicle recovery areas, minimum slopes, and minimum ditch widths, consistent with anticipated speed and volume of traffic on the highway.

Subd. 4. [DESIGNATION.] The commissioner may designate a county state-aid highway as a natural preservation route only on petition of the governing body of the county having jurisdiction over the road. On receiving a petition for designation the commissioner shall appoint an advisory committee consisting of seven members. An advisory committee must include at least one representative of the department of natural resources or the United States department of agriculture forest service, one county commissioner, one county highway engineer, and one representative of a recognized environmental organization. The advisory committee shall consider the petition for designation and make a recommendation to the commissioner. Following receipt of the committee's recommendation the commissioner may designate the highway as a natural preservation route.

Subd. 5. [SIGNS.] The county having jurisdiction over a natural preservation route must post signs at each entry point to the route informing the public that the highway is a natural preservation route. Signs erected under this subdivision are prima facie evidence of adequate notice to the public that the highway has been designated a natural preservation route.

Subd. 6. [LIABILITY.] When a county state-aid highway has been designated a natural preservation route and signs have been erected as provided in subdivision 5, the state and the county having jurisdiction over the highway, and their officers and employees, are exempt from liability for any tort claim for injury to persons or property arising from travel on the highway and related to the standards for its design, construction, or reconstruction.

Sec. 6. Minnesota Statutes 1990, section 162.09, subdivision 3a, is amended to read:

Subd. 3a. [VARIANCES, RULES AND ENGINEERING STAN-

DARDS.] The commissioner may grant variances from the rules and from the engineering standards developed pursuant to section 162.13, subdivision 2. A political subdivision in which a municipal state-aid street is located or is proposed to be located may submit a written request to the commissioner for a variance for that street. The commissioner shall publish notice of the request in the state register and give notice to all persons known to the commissioner to have an interest in the matter. The commissioner may grant or deny the variance within 30 days of providing notice of the request. If a written objection to the request is received within 20 days of providing notice, the variance shall be granted or denied only after a contested case hearing has been held on the request. If no timely objection is received and the variance is denied without hearing, the political subdivision may request, within 30 days of receiving notice of denial, and shall be granted a contested case hearing. For purposes of this subdivision, with respect to a variance requested for a municipal state-aid street that is a park road as defined in section 160.83, subdivision 1, "political subdivision" includes (1) an agency of a political subdivision which has jurisdiction over parks, and (2) a regional park authority.

ARTICLE 5

TOLL ROADS

Section 1. [160.82] [LEGISLATIVE FINDINGS.]

The legislature finds that the economic well-being of and quality of life in the state depend on an efficient transportation system; that public sources of revenue have not kept pace with the state's growing highway transportation needs; and that alternative funding, ownership, and operating forms, including private participation and public-private partnerships, can stimulate the rapid formation of capital necessary to respond to some of the state's pressing highway needs.

Sec. 2. [160.83] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The terms used in sections 1 to 8 have the meanings given them in this section and section 160.02.

Subd. 2. [BOT FACILITY.] "BOT facility" means a build-operate-transfer toll facility constructed, improved, or rehabilitated and operated by a private operator that holds title to the facility subject to a development agreement that provides that title will be transferred to the road authority on expiration of an agreed term.

Subd. 3. [BTO FACILITY.] "BTO facility" means a build-transfer-operate toll facility constructed, improved, or rehabilitated by a private operator who: (1) transfers any interest it may have in the

toll facility to the road authority before operation begins; and (2) operates the toll facility for an agreed term under a lease, management, or toll-concession agreement.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of the department of transportation.

Subd. 5. [DEVELOPMENT AGREEMENT.] "Development agreement" means a written agreement between a road authority and a private operator that provides for the construction, improvement, rehabilitation, and ownership or operation of a toll facility. A development agreement must satisfy the requirements of section 5.

Subd. 6. [PRIVATE OPERATOR.] "Private operator" means an individual, a corporation or partnership, a cooperative or unincorporated association, a joint venture, or a consortium that constructs, improves, rehabilitates, owns, leases, operates, or manages a toll facility subject to sections 1 to 8. The term includes related parties and entities that together perform some or all of these functions for the same toll facility.

Subd. 7. [ROAD AUTHORITY.] "Road authority" has the meaning given it in section 160.02, subdivision 9, and also refers to a joint powers authority formed under section 7.

Subd. 8. [TOLL FACILITY.] "Toll facility" means a bridge, causeway, or tunnel, and its approaches; a road, street, or highway; an appurtenant building, structure, or other improvement; land lying within applicable rights-of-way; and other appurtenant rights or hereditaments that together comprise a project for which a private operator is authorized to operate and impose tolls under sections 1 to 8.

Sec. 3. [160.84] [AUTHORITY.]

Subdivision 1. [PRIVATE OPERATORS.] Notwithstanding other law to the contrary, private operators are authorized to construct, improve, rehabilitate, own, lease, manage, and operate toll facilities subject to the terms of sections 1 to 8. Private operators may mortgage, grant security interests in, and pledge their interests in: (1) toll facilities and their components; (2) development, lease, toll concessions, and other related agreements; and (3) income, profits, and proceeds of the toll facility.

Subd. 2. [ROAD AUTHORITY MAY ENTER INTO DEVELOPMENT AGREEMENTS.] A road authority may solicit or accept proposals from, and enter into development agreements with, private operators for constructing, improving, rehabilitating, operating, and managing toll facilities wholly or partly within the road

authority's jurisdiction. A road authority soliciting toll facility proposals must publish a notice of solicitation in the state register.

Subd. 3. [CONTENTS OF DEVELOPMENT AGREEMENTS.] Development agreements for toll facilities entered into under sections 1 to 9 may provide for operating the facilities under leases or management contracts; for BOT or BTO facilities; and for any other mode of ownership or operation approved by the road authority. Development agreements may permit the private operator to: (1) assemble funds from any available source, including federal, state, and local grants, bond revenues, contributions, and pledges; and (2) incorporate an existing road or highway, a bridge, and approach structures, and related improvements into the toll facility. If an existing highway, bridge, or approach structure, or related improvements, are incorporated into a toll facility, the development agreement must provide that the private operator reimburse the road authority that constructed the highway, bridge, approach structure, or related improvement, for the cost of constructing the incorporated entity and the cost of any rehabilitation of the entity required to make the entity suitable for incorporation. Development agreements may include grants of title, easements, rights-of-way, and leasehold estates that are necessary to the toll facility. A development agreement may authorize the private operator to charge variable rate tolls based on time of day, vehicle characteristics, or other factors approved by the road authority. A development agreement shall require a road authority to provide routine maintenance, snow removal, and police services to the toll facility at the operator's expense.

Subd. 4. [RIGHT-OF-WAY ACQUISITION.] A private operator may acquire right-of-way by donation, lease, or purchase. A road authority may acquire right-of-way by condemnation and may donate, sell, or lease a right-of-way to a private operator.

Subd. 5. [LEASE TERM.] A lease for toll facilities must be for a term of not more than 50 years.

Subd. 6. [WHEN TOLL FACILITY ACQUIRED BY ROAD AUTHORITY.] A development agreement must require that ownership of the toll facility be transferred to the road authority at no cost to the road authority, at a time specified in the agreement. The operator shall establish an escrow account with sufficient funds to ensure that the facility meets applicable construction and maintenance standards of the road authority upon transfer.

Subd. 7. [APPLICATION OF OTHER LAW.] A private operator must obtain all required environmental, navigational, design, or safety approvals that would be required if the toll facility was constructed or operated by a public body.

Subd. 8. [RESTRICTION.] No toll facility may be used for any

purpose other than the transportation purposes specified in the development agreement for the term of the agreement.

Subd. 9. [TAX INCREMENT FINANCING.] Revenue from tax increments may not be used to pay any part of the costs of constructing or reconstructing a toll facility, or for the repayment of any bonds issued for those purposes.

Subd. 10. [SALES TAX.] The purchase of any goods and materials used for the construction or reconstruction of a toll facility is subject to the tax imposed by section 297A.02.

Sec. 4. [160.85] [DEVELOPMENT AGREEMENTS; MANDATORY PROVISIONS.]

A development agreement must require:

(1) that the toll facility meet the commissioner of transportation's standards of design and construction for trunk highways and trunk highway bridges of the same functional classification;

(2) that the commissioner review and approve, at the operator's expense, the location and design of a bridge over navigable waters as if the bridge were constructed by a road authority;

(3) that the private operator manage and operate the toll facility in cooperation with the applicable road authority and subject to the development agreement and any amendments mutually agreed upon;

(4) that the toll facility be subject to regular safety inspections by the road authority and the commissioner, at the operator's expense; and

(5) that the road authority must provide maintenance, snow removal, and the police services to the toll facility, at the expense of the private operator.

Sec. 5. [160.86] [COMMISSIONER'S APPROVAL.]

Subdivision 1. [APPROVAL REQUIRED.] A development agreement entered into by a road authority, other than the commissioner, and a private operator is not effective until the agreement has been approved in writing by the commissioner.

Subd. 2. [CONDITIONS.] The commissioner shall not approve a development agreement unless the commissioner is satisfied that:

(1) the development agreement adequately provides that all construction on the toll facility performed by contract will be

performed only by a road authority or by contractors who are qualified to provide comparable services to the department of transportation;

(2) the development agreement adequately provides for maintenance and law enforcement on the facility;

(3) the development agreement adequately provides that all obligations assumed by, and all responsibilities imposed on, a private operator by law and under the agreement will not be affected by a change of ownership, management, or control of the private operator;

(4) the toll facility is consistent with the state transportation plan, the commissioner's trunk highway work plans and development programs, and the transportation plan adopted by the appropriate regional development commission, other than the metropolitan council;

(5) the toll facility will be constructed to standards comparable to the commissioner's standards for comparable trunk highways; and

(6) the requirements of section 6 have been met.

Sec. 6. [160.87] [LOCAL APPROVAL.]

Subdivision 1. [MUNICIPALITIES.] A toll facility may not be constructed without the prior approval, by resolution, of the governing board of each county, city and town through which the facility will pass. All such resolutions of approval must have been adopted within three years of the date on which construction of the toll facility is begun. The validity of a resolution of approval of a toll facility by a county, city, or town is not affected by any subsequent resolution, including a subsequent rescission, withdrawal, or annulment of a resolution of approval.

Subd. 2. [METROPOLITAN COUNCIL.] In the case of a toll facility to be constructed wholly or partly within the metropolitan area as defined in section 473.121, subdivision 2, the facility may not be constructed unless the private operator has first submitted the proposed facility to the metropolitan council and has obtained the council's approval in the manner provided in section 473.167, subdivision 1.

Sec. 7. [160.88] [COST RECOVERY.]

Subdivision 1. [USE OF TOLL REVENUES.] A development agreement may authorize a private operator of a toll facility to impose toll charges for the use of the facility and must require that toll revenues be applied to: (1) repayment of indebtedness incurred

for the toll facility; (2) any lease or toll concessions payments; (3) costs of operation, administration, and maintenance of the toll facility; and (4) any reasonable reserves for future capital outlays necessary to cover costs of maintaining, preserving, and reconstructing the facility to all applicable standards. The enumeration of uses in this subdivision may not be construed directly or indirectly to state priorities for the use of these revenues.

Subd. 2. [TOLLS NOT TO BE COLLECTED.] A toll may not be collected on any facility that is owned and managed by a road authority.

Sec. 8. [160.89] [JOINT AUTHORITY.]

Two or more road authorities with jurisdiction over a toll facility may enter into a joint powers agreement under section 471.59 to exercise the powers, duties, and functions of the road authorities related to the toll facility, including negotiation and administration of the development agreement and related lease and toll concession agreements. If all road authorities with jurisdiction over a toll facility concur, title to or authority over the facility may be tendered to the commissioner who may accept the title or authority pursuant to the development agreement and this section.

Sec. 9. [160.90] [TOLL REGULATION.]

Subdivision 1. [TOLLS TO BE FILED.] A private operator who charges and collects tolls on a toll facility must file with the commissioner a schedule of all tolls charged.

Subd. 2. [TOLLS PRESCRIBED.] The transportation regulation board, on its own motion or on petition of a road authority, may investigate the tolls charged on a toll facility built or operated under sections 1 to 8. If the board determines on the basis of its investigation that public welfare, safety, and mobility require regulation of tolls on the facility, the board may after a public hearing prescribe just, reasonable, and nondiscriminatory tolls for the facility. The board may prescribe tolls under this subdivision without regard to whether a development agreement covering the toll facility regulates or otherwise provides for tolls. No person may directly or indirectly charge a toll on a toll facility that is different from a toll prescribed for the facility by the board.

Subd. 3. [LOCAL TOLL REGULATION.] No road authority or political subdivision may, separately or as part of a joint powers agreement, regulate tolls on a toll facility except as authorized in a development agreement.

Sec. 10. [TOLL FACILITY REPLACEMENT PROJECTS.]

When the commissioner removes from the commissioner's six-year highway improvement program, a highway project that is located within the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2, because the project is or in the commissioner's determination will become a toll facility, the commissioner must replace the project in the work program with a comparable highway project that is also located within the metropolitan area.

ARTICLE 6

TRANSPORTATION SERVICES FUND

Section 1. [161.041] [TRANSPORTATION SERVICES FUND.]

Subdivision 1. [FUND CREATED.] A transportation services fund is created in the state treasury. The fund consists of all money required by law to be deposited in the fund, and other money made available to the fund by law.

Subd. 2. [USES OF FUND.] Money in the transportation services fund may only be expended by appropriation for

(1) activities of the commissioner of public safety relating to (i) driver licensing, (ii) motor vehicle registration and licensing, (iii) the accident reporting system; and (iv) the state patrol;

(2) activities of the commissioner of transportation relating to oversize and overweight permits, including the cost of necessary highway maintenance and preservation related to granting those permits;

(3) activities of the commissioner of transportation related to junkyard screening and control of outdoor advertising devices;

(4) activities of the transportation regulation board related to motor carrier regulation; and

(5) repayment of money borrowed for new buildings, and improvements to existing buildings, of the department of transportation.

Sec. 2. Minnesota Statutes 1990, section 168.54, subdivision 5, is amended to read:

Subd. 5. The proceeds of the fee imposed under the provisions of this section shall be collected by the commissioner of public safety and paid into the ~~general~~ transportation services fund.

Sec. 3. Minnesota Statutes 1990, section 168.54, subdivision 6, is amended to read:

Subd. 6. The unobligated balances in excess of $4,000 in said revolving fund as of June 30 of each fiscal year shall be canceled into the ~~general~~ transportation services fund.

Sec. 4. Minnesota Statutes 1990, section 169.09, subdivision 13, is amended to read:

Subd. 13. [ACCIDENT REPORTS CONFIDENTIAL.] All written reports and supplemental reports required under this section to be provided to the department of public safety shall be without prejudice to the individual so reporting and shall be for the confidential use of the department of public safety and other appropriate state, federal, county, and municipal governmental agencies for accident analysis purposes, except that the department of public safety or any law enforcement department of any municipality or county in this state shall, upon written request of any person involved in an accident or upon written request of the representative of the person's estate, surviving spouse, or one or more surviving next of kin, or a trustee appointed pursuant to section 573.02, disclose to the requester, the requester's legal counsel or a representative of the requester's insurer any information contained therein except the parties' version of the accident as set out in the written report filed by the parties or may disclose identity of a person involved in an accident when the identity is not otherwise known or when the person denies presence at the accident. No report shall be used as evidence in any trial, civil or criminal, arising out of an accident, except that the department of public safety shall furnish upon the demand of any person who has, or claims to have, made a report, or, upon demand of any court, a certificate showing that a specified accident report has or has not been made to the department of public safety solely to prove a compliance or a failure to comply with the requirements that the report be made to the department of public safety. Disclosing any information contained in any accident report, except as provided herein, is unlawful and a misdemeanor.

Nothing herein shall be construed to prevent any person who has made a report pursuant to this chapter from providing information to any persons involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the person's knowledge. It is intended by this subdivision to render privileged the reports required but it is not intended to prohibit proof of the facts to which the reports relate. Legally qualified newspaper publications and licensed radio and television stations shall upon request to a law enforcement agency be given an oral statement covering only the time and place of the accident, the names, addresses, and dates of birth of the parties involved, whether a citation was issued, and if so, what it was for, and whether the parties involved were wearing seat belts, and a

general statement as to how the accident happened without attempting to fix liability upon anyone, but said legally qualified newspaper publications and licensed radio and television stations shall not be given access to the hereinbefore mentioned confidential reports, nor shall any such statements or information so orally given be used as evidence in any court proceeding, but shall merely be used for the purpose of a proper publication or broadcast of the news.

When these reports are released for accident analysis purposes the identity of any involved person shall not be revealed. Data contained in these reports shall only be used for accident analysis purposes, except as otherwise provided by this subdivision. Accident reports and data contained therein which may be in the possession or control of departments or agencies other than the department of public safety shall not be discoverable under any provision of law or rule of court.

Notwithstanding other provisions of this subdivision to the contrary, the commissioner of public safety shall give to the commissioner of transportation the name and address of a carrier subject to section 221.031 that is named in an accident report filed under subdivision 7 or 8. The commissioner of transportation may not release the name and address to any person. The commissioner shall use this information to enforce accident report requirements under chapter 221. In addition the commissioner of public safety may give to the United States Department of Transportation commercial vehicle accident information in connection with federal grant programs relating to safety.

The ~~department~~ commissioner of public safety may charge authorized persons a $5 fee for a copy of an accident report. Proceeds from the fee must be deposited into the transportation services fund.

Sec. 5. Minnesota Statutes 1990, section 170.23, is amended to read:

170.23 [ABSTRACTS; FEE; ADMISSIBLE IN EVIDENCE.]

The commissioner shall upon request furnish any person a certified abstract of the operating record of any person subject to the provisions of this chapter, and, if there shall be no record of any conviction of such person of violating any law relating to the operation of a motor vehicle or of any injury or damage caused by such person, the commissioner shall so certify. Such abstracts shall not be admissible as evidence in any action for damages or criminal proceedings arising out of a motor vehicle accident. A fee of $5 shall be paid for each such abstract. The commissioner shall permit a person to inquire into the operating record of any person by means of the inquiring person's own computer facilities for a fee to be determined by the commissioner of at least $2 for each inquiry. The commissioner shall furnish an abstract that is not certified for a fee

to be determined by the commissioner in an amount less than the fee for a certified abstract but more than the fee for an inquiry by computer. Fees collected under this section must be paid into the state treasury with 90 percent of the money credited to the ~~trunk highway~~ transportation services fund and ten percent credited to the general fund.

Sec. 6. Minnesota Statutes 1990, section 171.185, is amended to read:

171.185 [COSTS PAID FROM ~~TRUNK HIGHWAY~~ TRANSPORTATION SERVICES FUND.]

All costs incurred by the commissioner in carrying out the provisions of sections 171.182 to 171.184 shall be paid from the ~~trunk highway~~ transportation services fund.

Sec. 7. Minnesota Statutes 1990, section 171.26, is amended to read:

171.26 [MONEY CREDITED TO ~~TRUNK HIGHWAY~~ TRANSPORTATION SERVICES FUND AND TO GENERAL FUND.]

All money received under the provisions of this chapter shall be paid into the state treasury with 90 percent of such money credited to the ~~trunk highway~~ transportation services fund, and ten percent credited to the general fund, except as provided in section 171.29, subdivision 2.

Sec. 8. Minnesota Statutes 1990, section 171.36, is amended to read:

171.36 [LICENSE RENEWAL AND FEES.]

All licenses shall expire one year from date of issuance and may be renewed upon application to the commissioner. Each application for an original or renewal school license shall be accompanied by a fee of $150 and each application for an original or renewal instructor's license shall be accompanied by a fee of $50. The license fees collected under sections 171.33 to 171.41 shall be paid into the ~~trunk highway~~ transportation services fund. No license fee shall be refunded in the event that the license is rejected or revoked.

Sec. 9. Minnesota Statutes 1990, section 173.13, subdivision 4, is amended to read:

Subd. 4. The annual fee for each such permit or renewal thereof shall be as follows:

(1) If the advertising area of the advertising device does not exceed 50 square feet, the fee shall be ~~$20~~ $40.

(2) If the advertising area exceeds 50 square feet but does not exceed 300 square feet, the fee shall be ~~$40~~ $80.

(3) If the advertising area exceeds 300 square feet, the fee shall be ~~$80~~ $160.

(4) No fee shall be charged for a permit for official signs and notices as they are defined in section 173.02, except that a fee may be charged for a star city sign erected under section 173.085.

Sec. 10. Minnesota Statutes 1990, section 173.231, is amended to read:

173.231 [FEES.]

All fees collected under sections 173.07 and 173.13, ~~shall~~ must be paid into the ~~trunk highway~~ transportation services fund.

Sec. 11. Minnesota Statutes 1990, section 221.036, subdivision 14, is amended to read:

Subd. 14. [~~TRUNK HIGHWAY~~ TRANSPORTATION SERVICES FUND.] Penalties collected under this section must be deposited in the state treasury and credited to the ~~trunk highway~~ transportation services fund.

Sec. 12. [221.297] [DISPOSITION OF RECEIPTS.]

All money deposited in the state treasury from fees and penalties under this chapter must be credited to the transportation services fund.

Sec. 13. Minnesota Statutes 1990, section 296.16, *subdivision* 1a, is amended to read:

Subd. 1a. [INTENT; FOREST ROADS.] ~~$675,000~~ Approximately 0.116 percent of the total annual unrefunded revenue from the gasoline fuel tax on all gasoline and special fuel received in, produced, or brought into this state, except gasoline and special fuel used for aviation purposes, is derived from the operation of motor vehicles on state forest roads and county forest access roads~~, and~~. Of this ~~sum, $400,000~~ amount, 0.0605 percent is annually derived from motor vehicles operated on state forest roads and ~~$275,000~~ 0.0555 percent is annually derived from motor vehicles operated on county forest access roads in this state.

Sec. 14. Minnesota Statutes 1990, section 296.421, subdivision 8, is amended to read:

Subd. 8. [COMPUTATION AND DISTRIBUTION OF UNREFUNDED TAXES FOR FOREST ROADS.] The amount of unrefunded tax paid on gasoline and special fuel used to operate motor vehicles on forest roads, except gasoline and special fuel used for aviation purposes, is ~~$675,000 annually~~ 0.116 percent of the total unrefunded revenue from the tax on all gasoline and special fuel received in, produced, or brought into the state, and this revenue is appropriated from the highway user tax distribution fund and must be transferred and credited in equal installments on July 1 and January 1 to the state forest road account established in section 89.70. ~~$275,000 of this amount~~ An amount equal to 0.0555 percent of the unrefunded revenue must be annually transferred to counties for management and maintenance of county forest roads.

Sec. 15. Minnesota Statutes 1990, section 299D.03, subdivision 5, is amended to read:

Subd. 5. [FINES AND FORFEITED BAIL MONEY.] (a) All fines and forfeited bail money, from traffic and motor vehicle law violations, collected from persons apprehended or arrested by officers of the state patrol, shall be paid by the person or officer collecting the fines, forfeited bail money or installments thereof, on or before the tenth day after the last day of the month in which these moneys were collected, to the county treasurer of the county where the violation occurred. Three-eighths of these receipts shall be credited to the general revenue fund of the county. The other five-eighths of these receipts shall be transmitted by that officer to the state treasurer and shall be credited to the ~~trunk highway~~ transportation services fund. If, however, the violation occurs within a municipality and the city attorney prosecutes the offense, and a plea of not guilty is entered, one-third of the receipts shall be credited to the general revenue fund of the county, one-third of the receipts shall be paid to the municipality prosecuting the offense, and one-third shall be transmitted to the state treasurer as provided in this subdivision. All costs of participation in a nationwide police communication system chargeable to the state of Minnesota shall be paid from appropriations for that purpose.

(b) Notwithstanding any other provisions of law, all fines and forfeited bail money from violations of statutes governing the maximum weight of motor vehicles, collected from persons apprehended or arrested by employees of the state of Minnesota, by means of stationary or portable scales operated by these employees, shall be paid by the person or officer collecting the fines or forfeited bail money, on or before the tenth day after the last day of the month in which the collections were made, to the county treasurer of the county where the violation occurred. Five-eighths of these receipts shall be transmitted by that officer to the state treasurer and shall

be credited ~~to the highway user tax distribution fund~~ as follows: 62 percent to the transportation services fund; 29 percent to the county state-aid highway fund; and 9 percent to the municipal state-aid street fund. Three-eighths of these receipts shall be credited to the general revenue fund of the county.

Sec. 16. [EFFECTIVE DATE.]

Sections 1 to 17 are effective July 1, 1991.

ARTICLE 7

METROPOLITAN TRANSPORTATION DEVELOPMENT

Section 1. [174.35] [LIGHT RAIL TRANSIT.]

The commissioner of transportation may plan, acquire, construct, and equip light rail transit facilities in the metropolitan area as provided in this section, sections 473.399 to 473.3996, and sections 3 to 13 and may exercise the powers granted in chapter 174 as necessary for this purpose.

Sec. 2. Minnesota Statutes 1990, 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 levy a tax at any annual rate not exceeding ~~0.04835~~ 0.024175 percent of market value 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 net tax capacity of taxable property in that municipality bears to the net tax capacity 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.

Sec. 3. Minnesota Statutes 1990, section 473.399, is amended by adding a subdivision to read:

Subd. 4. [FEDERAL FUNDING.] The regional transit board and the commissioner of transportation shall jointly seek federal assistance for light rail transit facilities in the metropolitan area in accordance with the board's regional transit plan. No political subdivision in the metropolitan area may apply for or be a recipient of federal assistance for light rail transit planning or facilities, except in conjunction with an application for assistance by the board and the commissioner.

An application for federal assistance must be reviewed and approved by the metropolitan council before it is submitted by the board and the commissioner. The board and the commissioner must consult with the council in preparing the application.

Sec. 4. Minnesota Statutes 1990, section 473.3993, subdivision 2, is amended to read:

Subd. 2. [PRELIMINARY DESIGN PLAN.] "Preliminary design plan" means a light rail transit plan that ~~identifies~~ includes:

(1) preliminary plans for the physical design of facilities, at approximately the ten percent engineering level, including location, length, and termini of routes; general dimension, elevation, alignment, and character of routes and crossings; whether the track is elevated, on the surface, or below ground; approximate station locations; and related park and ride, parking, and other transportation facilities; and a plan for handicapped access; and

(2) preliminary plans for intermodal coordination with bus operations and routes; ridership; capital costs; operating costs and revenues; and funding ~~for final design, construction, and operation; and an implementation method~~.

Sec. 5. Minnesota Statutes 1990, section 473.3993, is amended by adding a subdivision to read:

Subd. 2a. [PRELIMINARY ENGINEERING PLAN.] "Preliminary engineering plan" means a light rail transit engineering plan that

includes the items in the preliminary design plan, but with greater detail and specificity including, at a minimum:

(1) preliminary engineering plans for the physical design of the facilities, at approximately the 30 percent engineering level, and appropriate performance specifications for the elements required for final design plans under subdivision 3, clause (1); and

(2) plans for the physical design of facilities, at approximately the 30 percent level, and appropriate specifications for all elements required for final design plans under subdivision 3, clause (2); a funding plan for final design, construction, and operation; and an implementation method.

Sec. 6. Minnesota Statutes 1990, section 473.3993, subdivision 3, is amended to read:

Subd. 3. [FINAL DESIGN PLAN.] "Final design plan" means a light rail transit plan that includes the items in the preliminary design and preliminary engineering plan for the facilities proposed for construction, but with greater detail and specificity. The final design plan must include, at a minimum:

(1) final plans for the physical design of facilities, including the right-of-way definition; environmental impacts and mitigation measures; intermodal coordination with bus operations and routes; and civil engineering plans for vehicles, track, stations, parking, and access, including handicapped access; and

(2) final plans for civil engineering for electrification, communication, and other similar facilities; operational rules, procedures, and strategies; capital costs; ridership; operating costs and revenues; financing for construction and operation; an implementation method; and other similar matters.

The final design plan must be stated with sufficient particularity and detail to allow the proposer to begin the acquisition and construction of operable facilities. If a turn-key implementation method is proposed, instead of civil engineering plans the final design plan must state detailed design criteria and performance standards for the facilities.

Sec. 7. Minnesota Statutes 1990, section 473.3994, is amended to read:

473.3994 [LIGHT RAIL TRANSIT; ~~DESIGN~~ FACILITY PLANS.]

Subd. 1a. [PRELIMINARY DESIGN PLANS.] The regional transit board shall establish a procedure for preparing preliminary design plans for light rail transit facilities in the metropolitan area.

The board shall ensure the completion of preliminary design plans that are needed to implement the board's regional transit plan, to qualify for federal funds in accordance with the board's plan, and to prepare proposals for engineering and construction projects in a timely and cost-effective manner. The board shall consult the joint light rail transit advisory committee in preparing the preliminary design plans.

Subd. 2. [PRELIMINARY DESIGN PLANS; PUBLIC HEARING.] ~~Before preparing final design plans for a light rail transit facility, the~~ A political subdivision ~~proposing the~~ that has prepared preliminary design plans for a proposed facility must hold a public hearing on the physical design component of the preliminary design plans. The proposer must provide appropriate public notice of the hearing 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 physical design component of 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, except that a county board need not hold a hearing if the county board membership is identical to the membership of the regional railroad authority submitting the plan for review. Within 45 days after the hearing under subdivision 2, the city, county, or town shall review and approve or disapprove the plans for the route to be located in the city, county, or town. A local unit of government that disapproves the plans shall describe specific amendments to the plans that, if adopted, would cause the local unit to withdraw its disapproval. Failure to approve or disapprove the plans in writing within 45 days after the hearing is deemed to be approval, unless an extension of time is agreed to by the city, county, or town and the proposer.

Subd. 4. [PRELIMINARY DESIGN PLANS; REGIONAL TRANSIT BOARD 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, along with any comments of local jurisdictions, to the regional transit board. The board shall hold a hearing on the plans, giving the proposer, any disapproving local governmental units, and other persons an opportunity to present their views on the plans. The board may conduct independent study as it deems desirable and may mediate and attempt to resolve disagreements about the plans. Within 90 days after the referral, the board shall review the plans submitted by the proposer and may recommend amended plans to accommodate the objections presented by the disapproving local governmental units.

Subd. 4a. [PRELIMINARY ENGINEERING PLANS.] (a) Before

beginning final design on a proposed facility, the commissioner shall submit the physical design component of preliminary engineering plans to the governing body of each statutory and home rule city, county, and town in which the route is proposed to be located. Within 60 days after the submission of the plans, the city, county, or town shall review and approve or disapprove the plans for the route located in the city, county, or town. A local unit of government that disapproves the plans shall describe specific amendments to the plans that, if adopted, would cause the local unit to withdraw its disapproval. Failure to approve or disapprove the plans in writing within the time period is considered to be approval, unless an extension is agreed to by the city, county, or town and the commissioner.

(b) If the governing body of one or more cities, counties, or towns disapproves the plans within the period allowed under paragraph (a), the commissioner may refer the plans, along with any comments of local jurisdictions, to the regional transit board. The board shall review the preliminary engineering plans under the same procedure and with the same effect as provided in subdivision 4 for preliminary design plans.

Subd. 5. [FINAL DESIGN PLANS.] (a) Before beginning construction, the ~~proposer~~ commissioner shall submit the physical design component of 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. Within 60 days after the submission of the plans, the city, county, or town shall review and approve or disapprove the plans for the route located in the city, county, or town. A local unit of government that disapproves the plans shall describe specific amendments to the plans that, if adopted, would cause the local unit to withdraw its disapproval. Failure to approve or disapprove the plans in writing within the time period is deemed to be approval, unless an extension is agreed to by the city, county, or town and the ~~proposer~~ commissioner.

(b) If the governing body of one or more cities, counties, or towns disapproves the plans within the period allowed under paragraph (a), the ~~proposer~~ commissioner may refer the plans, along with any comments of local jurisdictions, to the regional transit board. The board shall review the final design plans under the same procedure and with the same effect as provided in subdivision 4 for preliminary design plans.

Subd. 6. [COUNTY APPROVAL.] The proposer of a light rail transit facility in the metropolitan area ~~must~~ shall submit the preliminary and final design plans for the facility to the governing board of the county in which the route is proposed to be located for approval or disapproval. The proposer of the facility may not proceed with construction of the facility without the approval of the county.

Subd. 7. [COUNCIL REVIEW.] Before proceeding with construction of a light rail transit facility, ~~a regional rail authority established under chapter 398A must~~ the proposer of the facility shall submit preliminary design plans, preliminary engineering plans, and final design plans to the metropolitan council. The council ~~must~~ shall review the plans for consistency with the council's development guide and comment on the plans.

Subd. 8. [METROPOLITAN SIGNIFICANCE.] This section does not diminish or replace the authority of the council under section 473.173.

Sec. 8. Minnesota Statutes 1990, section 473.3996, is amended to read:

473.3996 [LIGHT RAIL TRANSIT FACILITY ~~DESIGN~~ PLANS; REVIEW ~~BY BOARD~~.]

Subdivision 1. [PRELIMINARY DESIGN AND ENGINEERING PLANS; BOARD REVIEW.] Before submitting the physical design component of final design plans of a light rail transit facility for local review under section 473.3994, subdivision 5, the proposer shall submit preliminary design and preliminary engineering plans to the regional transit board for review. The board shall review the ~~preliminary design~~ plans to determine the compatibility of the plans with other light rail transit plans and facilities in the metropolitan area, the adequacy of the plans for operation and maintenance of facilities, the adequacy of the plans for handicapped accessibility, and the conformity of the plans with the council's transportation policy plan and the board's regional light rail transit plan prepared under section 473.399. The board shall submit the plans to the transit commission for review and recommendations on specifications and other matters affecting operation and maintenance of facilities. The board shall submit the plans to the council for review and recommendations on the conformity of the plans with the council's transportation policies. The board may comment on any aspect of the plans. The board has 90 days to complete its review, unless an extension of time is agreed to by the proposer. If the board determines that the plans do not satisfy the standards stated in this subdivision, the board shall recommend modifications in the plans that are necessary in order to satisfy the board. After adopting or amending the regional plan required by section 473.399, the board may again review any previously reviewed preliminary design plans and recommend modifications that are necessary to satisfy the board.

Subd. 2. [FINAL DESIGN PLANS; BOARD APPROVAL.] Before acquiring or constructing light rail transit facilities, other than land for right of way, the proposer shall submit final design plans to the regional transit board for review. The board shall review the final design plans under the same procedure and schedule and according

to the same standards as provided for its review of preliminary design plans. The board shall either approve the plans, or if it determines that the plans do not satisfy the standards, disapprove the plans, in whole or in part, and recommend modifications in the plans that are necessary to secure approval. A proposer may not proceed with acquisition or construction of a light rail transit facility, other than land for right of way, unless the final design plans for the facility have been approved by the board. ~~Following approval of final design plans by the board, if a regional railroad authority wishes to select a bid or a response to a request for proposal that is more than ten percent higher than the capital costs indicated in the final design plans for the facility, the authority may not proceed with construction until it has resubmitted the final design plans to the transit board for further review and approval or disapproval. The board has ten working days to review and approve or disapprove and recommend modification, unless an extension of time is agreed to by the authority.~~

Subd. 3. [PRELIMINARY DESIGN PLANS; DEPARTMENT REVIEW.] Preliminary design plans adopted after the effective date of this subdivision must be submitted to the commissioner of transportation for review. The commissioner shall review the plans for engineering and financial feasibility and may recommend modifications. The commissioner shall complete the review within 90 days, unless the agency submitting the plan agrees to an extension of time.

Sec. 9. [473.3997] [LIGHT RAIL DESIGN AND CONSTRUCTION; DEPARTMENT OF TRANSPORTATION.]

Subdivision 1. [RESPONSIBILITY.] All light rail transit facilities in the metropolitan area must be constructed by or under contract with the commissioner of transportation. The commissioner shall prepare all preliminary engineering plans and final design plans for light rail transit facilities in the metropolitan area. The commissioner may authorize a regional railroad authority in the metropolitan area to prepare preliminary engineering plans for light rail transit facilities projects approved by the regional transit board. A regional railroad authority may not prepare final design plans for light rail transit facilities except under a contract with the commissioner.

Subd. 2. [INTERGOVERNMENTAL COORDINATION.] The commissioner shall incorporate into the engineering and final design plans appropriate elements of the preliminary design plans of regional railroad authorities. The commissioner shall consult with regional and local agencies of government in preparing the plans. The commissioner may enter into agreements for engineering, design, and construction services with a city or a regional agency. The commissioner may enter into agreements for engineering or design services with a regional railroad authority. The commis-

sioner shall include the metropolitan transit commission in planning and engineering decisions, particularly the system components of light rail facilities. The commissioner may by agreement authorize the transit commission to complete project components, including acquisition and testing of vehicles or system components.

Sec. 10. [CENTRAL CORRIDOR FACILITIES.]

Subdivision 1. [PRELIMINARY ENGINEERING PLAN.] The commissioner of transportation shall review and approve or disapprove the preliminary engineering plans of the regional railroad authorities for light rail transit facilities in the central corridor and the two downtowns and for associated yards, shops, and system support facilities. The commissioner shall submit the approved plans for review in the manner provided under sections 473.3994 and 473.3996 by July 1, 1992.

Subd. 2. [TUNNEL.] The commissioner may not construct underground light rail transit facilities, except that the commissioner may enter into agreements providing for underground construction if the additional cost of underground construction are paid by the city or the regional railroad authority in which the facility is located.

Subd. 3. [OWNERSHIP.] By January 1, 1993, the commissioner shall present to the legislature a plan for transferring or sharing ownership in the land and facilities for light rail transit in the corridor, and providing for maintenance of the facilities. The plan must be prepared in consultation with the regional transit board, the metropolitan transit commission, and affected local government units.

Subd. 4. [REPORT TO LEGISLATIVE COMMISSION.] The commissioner shall report to the transportation study board on the status of the preliminary engineering plans, including cost estimates, for the central corridor by November 15, 1991.

Sec. 11. [REPEALER.]

Minnesota Statutes 1990, section 473.3994, subdivision 6, and Laws 1989, chapter 339, section 21, is repealed.

Sec. 12. [EFFECTIVE DATE.]

Section 2 is effective for taxes levied in 1991, payable in 1992, and thereafter.

Sec. 13. [APPLICATION.]

Sections 1 to 12 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

ARTICLE 8

TRANSPORTATION STUDIES

Section 1. [161.53] [RESEARCH ACTIVITIES.]

The commissioner may set aside for transportation research in each fiscal year an amount up to one percent of the total amount of all funds appropriated to the commissioner other than county state-aid and municipal state-aid highway funds. The commission shall expend this money for (1) research to improve the design, construction, maintenance, management, and environmental compatibility of transportation systems; (2) research to improve the development of transportation policies with respect to energy efficiency and economic development; (3) programs for implementing and monitoring research results; and (4) developing transportation education and outreach activities. Of all funds appropriated to the commissioner other than state-aid funds, the commissioner shall expend 0.1 percent, but not exceeding $800,000 in any fiscal year, for research and related activities performed by the center for transportation studies of the University of Minnesota. The center shall establish a technology transfer and training center for Minnesota transportation professionals.

Sec. 2. [DEPARTMENT OF TRANSPORTATION; CORRIDOR STUDIES.]

Subdivision 1. [FINDING.] The legislature finds that a system of improved highways between regional centers in greater Minnesota and the Twin Cities metropolitan area is needed to promote economic development and to enhance commercial access, personal mobility, and traffic safety in Minnesota. It is therefore in the public interest to provide financing methods that accelerate construction of trunk highways linking regional centers in greater Minnesota with the Twin Cities metropolitan area.

Subd. 2. [STUDY.] The commissioner of transportation shall study and report to the governor and legislature the feasibility and desirability of establishing a comprehensive system of multilane divided highways connecting all regional centers with the Twin Cities metropolitan area. The study must include:

(1) existing highways on corridors between regional centers and the metropolitan area;

(2) improvements to bring all highways in these corridors to expressway standards;

(3) the cost of these improvements;

(4) the role of these improvements in the department of transportation's trunk highway programming priorities; and

(5) a schedule for completing these improvements.

The commissioner shall complete the study and submit the report not later than January 15, 1992.

Sec. 3. [3.862] [TRANSPORTATION STUDY BOARD.]

Subdivision 1. [BOARD EXTENDED; MEMBERSHIP.] The transportation study board created under Laws 1988, chapter 603, section 6, is hereby extended. The board shall consist of the following members:

(1) five members of the senate, with not more than three of the same political party, appointed by the senate committee on committees; and

(2) five members of the house of representatives, with not more than three of the same political party, appointed by the speaker of the house. Appointments are for two-year terms beginning July 1 of each odd-numbered year. Vacancies must be filled in the same manner as the original appointments.

Subd. 2. [OFFICERS.] The board shall elect a chair and vice-chair from among its members. The chair must alternate biennially between a member of the house and a member of the senate. The vice-chair must be a house member when the chair is a senate member, and a senate member when the chair is a house member.

Subd. 3. [STAFF.] The board may employ professional, technical, consulting, and clerical services. The board may use legislative staff to provide legal counsel, research, secretarial, and clerical assistance.

Subd. 4. [EXPENSES AND REIMBURSEMENT.] The members of the board may receive per diem when attending meetings and other commission business. Members, employees, and legislative staff must be reimbursed for expenses actually and necessarily incurred in the performance of their duties under the rules governing legislators and legislative employees.

Sec. 4. [3.863] [DUTIES.]

The transportation study board shall perform the following duties:

(1) review and participate with the house and senate transportation committees in developing recommendations for state transportation policies;

(2) monitor state transportation programs, expenditures, and activities;

(3) review and participate in the coordination of legislative initiatives that affect state and local transportation agencies; and

(4) propose special studies to the legislature and conduct studies at the direction of the legislature.

Sec. 5. [3.864] [SPECIAL STUDIES.]

Subdivision 1. [STUDIES.] The board shall conduct the studies in subdivisions 2 to 7 by January 1, 1993. The board may request the commissioner of transportation to conduct any of the studies and report to the board and the legislature.

Subd. 2. [HIGHWAY PLANNING PROCESS.] The board shall review the department of transportation's policies and procedures for identifying, evaluating, prioritizing, and implementing trunk highway development projects. The board shall not propose, identify, or otherwise select any specific project or category of projects. The board shall report to the legislature and the commissioner of transportation on the results of the study with recommendations:

(1) to the commissioner of transportation with respect to changes in the department's policies and procedures; and

(2) to the legislature with respect to changes in law governing those policies and procedures.

Subd. 3. [HIGHWAY JURISDICTION.] The board shall conduct a study of the functional classification of all streets and highways in Minnesota. The study shall include:

(1) development of a state jurisdiction plan, which must include:

(i) criteria for determining the functional class of each street and highway in the state;

(ii) identification of the appropriate jurisdiction of each street and highway, based on functional class; and

(iii) criteria for determining when jurisdiction should be based on factors other than functional class;

(2) recommendations for implementing the jurisdiction plan; and

(3) recommendations for changes in law to facilitate future jurisdiction transfers.

The board shall report to the legislature and the commissioner of transportation on the results of the study.

Subd. 4. [LIGHT RAIL TRANSIT.] The board shall review and report to the legislature on any preliminary engineering plans for light rail transit adopted by the commissioner of transportation under article 7.

Subd. 5. [STATE-AID DISTRIBUTION.] The board shall study all unresolved issues relating to distribution of the county state-aid highway fund and the municipal state-aid street fund. These issues may include, but need not be limited to:

(1) formulas for distributing money in these funds;

(2) methods of measuring and quantifying factors used in those formulas;

(3) the role of screening boards in this distribution;

(4) methods of mitigating reductions in state aid that might result to one or more counties from various changes in state aid formulas and distribution procedures; and

(5) appropriate levels of state participation in the cost of constructing and maintaining county state-aid highways and municipal state-aid streets.

Subd. 6. [LOCAL PARTICIPATION IN TRUNK HIGHWAY PROJECTS.] The board shall study the appropriate role of local units of government in assisting in the cost of projects to construct or reconstruct trunk highways. The study must include a recommendation of guidelines to govern the extent of that participation and the types of projects for which participation is feasible and desirable.

Subd. 7. [INCREASED USE OF HIGH-OCCUPANCY VEHICLES.] The board shall study the feasibility and desirability of increasing incentives for the use of high-occupancy vehicles such as carpools, vanpools, and transit. The board shall study and evaluate, among other things, each of the following incentives:

(1) tax incentives to employees;

(2) tax incentives and other incentives to employers;

(3) parking charges designed to discourage single-occupant vehicles and promote high-occupancy vehicles;

(4) road pricing on freeways and other commuting routes;

(5) staggered work hours;

(6) expanded availability and reduced cost of regular-route transit; and

(7) increased use of demand-responsive transit to meet the needs of persons otherwise automobile dependent.

Subd. 8. [LOCAL FINANCE STUDY.] The board shall study and report to the legislature by February 15, 1992, the use and effect of methods other than property tax revenues to finance local transportation improvements, including impact fees, transportation utility fees, and similar methods.

Sec. 6. [APPROPRIATION.]

$..... is appropriated from the highway user tax distribution fund to the transportation study board.

Sec. 7. [REPEALER.]

Laws 1988, chapter 603, section 6, is repealed.

ARTICLE 9

METROPOLITAN TRANSIT SERVICE

Section 1. Minnesota Statutes 1990, section 473.375, subdivision 13, is amended to read:

Subd. 13. [FINANCIAL ASSISTANCE.] The board may provide financial assistance to the commission and other providers as provided in sections 473.371 to 473.377 and 473.382 to 473.449 in furtherance of and in conformance with the implementation plan of the board, and shall provide financial assistance to transit service programs as provided in section 473.388. The board may not use the proceeds of bonds issued by the council under section 473.39 to provide capital assistance to private, for-profit operators of public transit.

Sec. 2. Minnesota Statutes 1990, section 473.375, subdivision 15, is amended to read:

Subd. 15. [PERFORMANCE STANDARDS.] The board may establish performance standards for recipients of financial assistance, except that performance standards for recipients of financial assistance under section 473.388 shall be established after consultation with such recipients.

Sec. 3. Minnesota Statutes 1990, section 473.377, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] The transit board shall prepare, submit to the council, and adopt an implementation plan as provided in section 473.161. The services and systems management component of the board's plan must include a description of the special transportation service provided under section 473.386. The board shall prepare an implementation plan meeting the requirements of this section and submit the plan to the council by August 1, 1986, and thereafter at a time prescribed by the council. The components of the implementation plan that are applicable to recipients of financial assistance under section 473.388 shall be prepared after consultation with such recipients.

Sec. 4. Minnesota Statutes 1990, section 473.388, is amended to read:

473.388 [~~REPLACEMENT~~ OPT-OUT TRANSIT SERVICE PROGRAM.]

Subdivision 1. [PROGRAM ESTABLISHED.] ~~A replacement~~ An opt-out transit service program is established to continue the metropolitan transit service demonstration program established in Minnesota Statutes 1982, section 174.265, as provided in this section.

Subd. 2. [~~REPLACEMENT~~ OPT-OUT TRANSIT SERVICE; ELIGIBILITY.] The transit board ~~may~~ shall provide assistance under the program to a statutory or home rule charter city or town or combination thereof, that:

(a) is located in the metropolitan transit taxing district;

(b) is not served by the transit commission or is served only with transit commission bus routes which begin or end within the applying city or town or combination thereof; and

(c) has fewer than four scheduled runs of metropolitan transit commission bus service during off-peak hours defined in section 473.408, subdivision 1.

Eligible cities or towns or combinations thereof may apply on

behalf of a transit operator with whom they propose to contract for service.

The board may not provide assistance under this section to a statutory or home rule charter city or town unless the city or town,

(i) was receiving assistance under Minnesota Statutes 1982, section 174.265 by July 1, 1984,

(ii) had submitted an application for assistance under that section by July 1, 1984, or

(iii) had submitted a letter of intent to apply for assistance under that section by July 1, 1984, and submits an application for assistance under this section by July 1, 1988. A statutory or home rule charter city or town has an additional 12-month extension if it has notified the board before July 1, 1988, that the city or town is in the process of completing a transportation evaluation study that includes an assessment of the local transit needs of the city or town.

Subd. 3. [APPLICATION FOR ASSISTANCE.] An application for assistance under this section must:

(a) describe the existing service provided to the applicant by the transit commission, including the estimated number of passengers carried and the routes, schedules, and fares;

(b) describe the transit service proposed for funding under the demonstration program, including the anticipated number of passengers and the routes, schedules, and fares; and

(c) indicate the total amount of available local transit funds, the portion of the available local transit funds proposed to be used to subsidize ~~replacement~~ opt-out services, and the amount of assistance requested for the ~~replacement~~ opt-out services.

Subd. 4. [FINANCIAL ASSISTANCE.] The board ~~may~~ shall grant the ~~requested financial assistance~~ available local transit funds if it determines that the proposed service is ~~consistent with the approved implementation plan and~~ is intended to replace the service to the applying city or town or combination thereof by the transit commission ~~and that the proposed service will meet the needs of the applicant at least as efficiently and effectively as the existing service~~, if any, and that the proposed service will provide transportation of persons for hire, or that the assistance will be used for transit-related purposes.

The amount of assistance which the board ~~may~~ shall provide under this section ~~may not exceed the sum of:~~

~~(a) the portion of the available local transit funds which the applicant proposes to use to subsidize the proposed service; and~~

~~(b) an amount of financial assistance bearing an identical proportional relationship to the amount under clause (a) as the total amount of financial assistance to the transit commission bears to the total amount of taxes collected by the board under section 473.446. The board shall pay the amount to be provided to the recipient from the assistance the board would otherwise pay to the transit commission.~~ is the total amount of available local transit funds. The board shall disburse assistance to the recipient in advance by semiannual payments on or before January 1 and on or before July 1 of the year for which assistance is requested by the recipient.

Assistance provided by the board to the recipient must be spent for transit-related purposes. Assistance that is not spent in the budget year in which it is provided may be retained by the recipient and carried over to the next budget year. Assistance that is not spent in the budget year in which it is provided may not be retained for more than two additional years. After that time, the recipient must deposit any unspent assistance with the board, who will place emphasis on the expenditure of these funds for suburban transit service.

For purposes of this section "available local transit funds" means 90 percent of the tax revenues which would accrue to the board from the ~~tax it levies~~ certified tax levy under section 473.446 in the applicant city or town or combination thereof, including the revenues which would accrue from the homestead and agricultural credit aid and disparity reduction aid.

Subd. 5. [OTHER ASSISTANCE.] A city or town receiving assistance under this section may also receive assistance from the board under section 473.384. In applying for assistance under that section an applicant must describe the portion of the available local transit funds which are not obligated to subsidize replacement service and which the applicant proposes to use to subsidize additional service. An applicant which has exhausted its available local transit funds may use any other local subsidy funds to complete the required local share.

Subd. 6. [ASSUMPTION OF PROGRAM.] The board shall certify to the commissioner of transportation when it ~~has adopted an approved interim implementation plan and~~ is ready to assume responsibility for the metropolitan transit service demonstration program administered by the commissioner under Minnesota Statutes 1982, section 174.265. On receipt of the certification the commissioner shall make no further contracts under that program and shall assign all contracts then in effect under that program to

the board, and the contracts at that time become obligations of the board.

Subd. 7. [BUDGET.] A recipient of assistance under this section each year shall prepare an annual budget, and, after holding a public hearing on the budget, shall submit the budget to the board and to the legislature for review. The board shall review and comment on the consistency of the budget with its implementation plan.

Subd. 8. [ANNUAL REPORTS.] Before December 1 of each year, the recipient of assistance under this section shall prepare a report for the preceding fiscal year containing, in addition to other matters as the recipient may consider proper, the following:

(a) the activities of the recipient during the period covered by the report; and

(b) a complete accounting of the financial accounts and affairs of the recipient during the fiscal year.

A copy of each report must be filed with the board, the metropolitan council, the legislature, and the governor by November 30 of each year.

Sec. 5. [STUDIES REQUIRED.]

(a) The metropolitan council, in consultation with the board and after consultation with participants in the opt-out transit service program, must conduct a study of the costs of planning, administering and managing transit services in the metropolitan area, including the costs of coordinating and integrating services provided by different transit operators or authorities. The council, in consultation with the board, must direct its staff to examine whether the percentage of property tax revenues raised in communities participating in the program under Minnesota Statutes, section 473.388, which accrues to the board from the tax it levies under Minnesota Statutes, section 473.446, is adequate to finance those communities' prorated share of these costs. The council, in consultation with the board, must make a recommendation to the legislature on the appropriate percentage of property tax revenues to be used to finance these costs.

(b) The council, in consultation with the board and after consultation with participants in the opt-out transit service program, must conduct a study of the interaction between the funding mechanisms of the program under Minnesota Statutes, section 473.388, and the reductions of levied taxes made pursuant to Minnesota Statutes, section 473.446, subdivision 1. The council, in consultation with the board, must direct its staff to study the interaction of these provi-

sions, including the effect of the interaction on the financing of transit services in the metropolitan area, and to report its findings to the board.

(c) The council must report to the legislature on the results of these studies on or before February 15, 1992.

Sec. 6. [APPLICATION.]

Sections 1 to 5 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Amend the title accordingly

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

The report was adopted.

Reding from the Committee on Governmental Operations to which was referred:

H. F. No. 765, A bill for an act relating to certain state employees; establishing eligibility for state-paid insurance after retirement in certain circumstances.

Reported the same back with the following amendments:

Page 1, line 18, delete "the effective date of this section" and insert "May 5, 1990,"

Page 2, line 20, before the period insert ", and is retroactive to May 5, 1990"

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. 817, A bill for an act relating to natural resources; revising certain provisions regarding the leasing of state-owned iron ore and related minerals; amending Minnesota Statutes 1990, sections 93.16; 93.17, subdivisions 1 and 3; and 93.20, by adding a

subdivision; repealing Minnesota Statutes 1990, section 93.20, subdivision 9.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 93.16, is amended to read:

93.16 [PERMITS; SALE, NOTICE.]

Except as otherwise expressly provided by law, prospecting permits for iron ore or other minerals belonging to the state shall be issued only upon public sale as herein provided. The sale of permits may be held ~~annually, at the discretion of~~ at such times and places as designated by the commissioner~~, on the second Monday in August~~. The commissioner shall give public notice of each sale by publication for ~~four~~ three successive weeks in a daily newspaper printed and published in each of the cities of St. Paul, Minneapolis, Duluth, Hibbing, and Virginia. The last publication shall be not less than seven days nor more than 30 days before ~~August 1 next preceding~~ the date of sale. Like notice may be published in not to exceed two additional newspapers and two trade magazines, as the commissioner may direct.

Each notice shall contain the following information:

(1) Time and place of holding the sale;

(2) The general requirements of law affecting bidders and purchasers of permits;

(3) The place or places where the list of mining units, to be offered for sale will be available for inspection and where forms for bids and applications for prospecting permits may be obtained;

(4) Such other information as the commissioner may direct.

Sec. 2. Minnesota Statutes 1990, section 93.17, subdivision 1, is amended to read:

Subdivision 1. Applications for permits to prospect for iron ore shall be presented to the commissioner in writing in such form as the commissioner may prescribe at any time ~~prior to the time of opening the bids as hereinafter provided~~ before 4:30 p.m., St. Paul, Minnesota time, on the last business day before the day specified for the opening of bids, and no bids submitted after that time shall be considered. The application shall be accompanied by a certified

check payable to the state treasurer in the sum of $50 for each mining unit as set out above. Each application shall be accompanied also by a sealed bid setting forth the amount of royalty per gross ton of crude ore based upon the iron content of the ore when dried at 212 degrees Fahrenheit, in its natural condition or when concentrated, as set out in detail hereafter, that the applicant proposes to pay to the state of Minnesota in case the permit shall be awarded.

Sec. 3. Minnesota Statutes 1990, section 93.17, subdivision 3, is amended to read:

Subd. 3. ~~On the date~~ At the time and place fixed for the sale ~~at 11 o'clock in the forenoon in the office of the governor in the state capitol in St. Paul~~, the commissioner shall publicly announce the number of applications and bids received~~, and none received thereafter shall be considered~~. The commissioner, together with at least one member of the executive council as designated by the council, shall then publicly open the bids~~,~~ and announce the amount of each bid separately~~, and~~. Thereafter, the commissioner, together with the executive council, shall award the permits to the highest bidders for the respective mining units, but no bids shall be accepted that shall not equal or exceed the minimum amounts provided for in section 93.20, nor shall any bid be accepted that shall not comply with the law and be accompanied by a certified check for the faithful performance of the terms of each permit as hereinbefore set out. The right is reserved to the state to reject any and all bids. All applications for permits and bids not accepted at such sale shall become void at the close of the sale and the checks accompanying the applications and bids shall be returned to the applicants entitled to them. Upon the award of a permit, the certified check submitted with the application as provided by subdivision 1, shall be deposited with the state treasurer as a fee for the permit, to be credited to the same fund as the rental or royalty from the mining unit affected, and the certified check submitted with the bid as provided by subdivision 2, shall be deposited with the state treasurer and held for further disposition as provided by law.

Sec. 4. Minnesota Statutes 1990, section 93.20, is amended by adding a subdivision to read:

Subd. 9a. (1) The royalties to be paid by the part.... of the second part to the party of the first part on ore removed in each calendar quarter that the lease remains in force as hereinbefore specified shall be subject to increase by fifty percent (50%) of the sum of the amounts determined in accordance with subparagraphs (a) and (b) below:

(a) Reference shall be made to the Producer Price Index for Iron Ores (December 1984 = 100) (Industry Code No. 1011), as originally published (unrevised) by the Bureau of Labor Statistics of the United States Department of Labor, or any succeeding federal

agency publishing such index, for the first month in the calendar quarter for which royalty payment is to be made. If the Producer Price Index for Iron Ores exceeds ....., which was the level of such index for the month in which this lease was issued (hereafter called the "PPI – IO Base Index"), the excess shall be computed and this excess shall become the numerator of a fraction, the denominator of which shall be the PPI – IO Base Index, and the resulting fraction shall be multiplied by the royalty rate per ton payable on the ore mined and removed during any such quarter.

For example, if the PPI – IO Base Index under this lease was 119.2, and if the Producer Price Index for Iron Ores for January, 19.. was 125.3, the additional amount for the calendar quarter of January, February, and March 19.. would be computed as follows:

[(125.3-119.2)/119.2] × base royalty rate = additional amount

(b) Reference shall be made to the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group (1982–100) (Commodity Code No. 101), as originally published (unrevised) by the Bureau of Labor Statistics of the United States Department of Labor, or any succeeding federal agency publishing such index, for the first month in the calendar quarter for which royalty payment is to be made. If the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group exceeds ....., which was the level of such index for the month in which this lease was issued (hereafter called the "PPI – I&S Base Index)", the excess shall be computed and this excess shall become the numerator of a fraction, the denominator of which shall be the PPI – I&S Base Index, and the resulting fraction shall be multiplied by the royalty rate per ton payable on the ore mined and removed during any such quarter.

For example, if the PPI – I&S Base Index under this lease was 129.5, and if the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group for January, 19.. was 139.5, the additional amount for the calendar quarter of January, February, and March 19.. would be computed as follows:

[(139.5-129.5)/129.5] × base royalty rate = additional amount

(2) In the event some other period than December 1984 is used as a base of 100 in determining the Producer Price Index for Iron Ores or some other period than 1982 is used as a base of 100 in determining the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group, for the purposes of this lease these indexes shall be adjusted so as to be in correct relationship to the appropriate base. In the event either such index is not published by any federal agency, the index to be used as aforesaid shall be that index independently published, which, after necessary adjustments, if any, provides the most reasonable substitute for the appropriate index during any period subsequent to the

month in which this lease is issued; it being intended to substitute for the Producer Price Index for Iron Ores an index that most accurately reflects fluctuations in the prices of Great Lakes iron ores in the manner presently reported by the Producer Price Index for Iron Ores (December 1984=100), as originally published (unrevised) by the Bureau of Labor Statistics of the United States Department of Labor, and it being intended to substitute for the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group an index that most accurately reflects fluctuations in the prices of iron and steel in the manner presently reported by the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group (1982=100), as originally published (unrevised) by the Bureau of Labor Statistics of the United States Department of Labor.

If the parties to this lease cannot agree upon substitute indexes which accomplish these purposes, each shall choose an arbitrator and the two thus selected shall choose a third. The decision of the arbitrators or any two of them shall be final and binding on the parties in interest. The agreement or the decision of the arbitrators shall be attached as a supplement to the lease. Each party to the arbitration shall bear their representative share of the costs for the arbitration.

Sec. 5. [REPEALER.]

Minnesota Statutes 1990, section 93.20, subdivision 9, is repealed.

Sec. 6. [EFFECTIVE DATE.]

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

Delete the title and insert:

"A bill for an act relating to natural resources; revising certain provisions regarding the leasing of state-owned iron ore and related minerals; amending Minnesota Statutes 1990, sections 93.16; 93.17, subdivisions 1 and 3; and 93.20, by adding a subdivision; repealing Minnesota Statutes 1990, section 93.20, subdivision 9."

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. 920, A bill for an act relating to the environment;

requiring recycled CFCs used in refrigerant applications to comply with certain standards; proposing coding for new law in Minnesota Statutes, chapter 239.

Reported the same back with the following amendments:

Page 1, after line 17, insert:

"Sec. 2. [REFRIGERATION EQUIPMENT AND SYSTEMS; TRAINING AND LICENSING RECOMMENDATIONS.]

The pollution control agency shall by January 1, 1992, make recommendations to the legislature on methods for the use, recapture, and recycling of CFCs and appropriate training and licensing provisions for persons engaged in the installation or repair of refrigeration equipment and systems that use CFC refrigerants. The agency shall consult with contractors and representatives of these installations and repair workers before making these recommendations.

Sec. 3. [REPEALER.]

Minnesota Statutes 1990, section 116.734, is repealed."

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 4, after the semicolon insert "requiring recommendations on training and licensure of installers;"

Page 1, line 5, before the period insert "; repealing Minnesota Statutes 1990, section 116.734"

With the recommendation that when so amended the bill pass.

The report was adopted.

Ogren from the Committee on Taxes to which was referred:

H. F. No. 956, A bill for an act relating to state government; providing an early retirement incentive for public employees; amending Minnesota Statutes 1990, sections 275.125, by adding a subdivision; and 275.50, subdivision 5.

Reported the same back with the following amendments:

Page 1, line 14, delete "5" and insert "3"

Page 1, line 20, before "Minnesota" insert "state university system, community college system,"

Page 2, line 28, delete "August" and insert "July"

Page 2, line 33, after "for" insert "an employer-paid health insurance benefit provided as"

Pages 3 to 11, delete sections 3 and 4

Page 11, line 14, delete "5" and insert "3"

Page 11, line 15, delete "to 4" and insert "and 2"

Amend the title as follows:

Page 1, line 3, delete "; amending" and insert a period

Page 1, delete lines 4 and 5

With the recommendation that when so amended 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. 978, A bill for an act relating to the environment; requiring the governor to submit a biennial policy report to the legislature on energy and the environment; proposing coding for new law in Minnesota Statutes, chapter 116D; repealing Minnesota Statutes 1990, section 116D.07.

Reported the same back with the following amendments:

Page 1, line 12, delete "detailed" and insert "concise"

Page 1, line 15, delete "detailed" and insert "comprehensive"

Page 1, line 19, after "a" insert "concise,"

Page 2, line 5, after "a" insert "concise,"

Page 2, line 8, before "discussion" insert "concise"

Page 2, line 18, after "a" insert "concise"

Page 2, line 25, after "a" insert "concise"

Page 3, line 32, delete "an" and insert "a concise"

Page 3, line 34, before "description" insert "concise"

Page 4, lines 22, 25, and 31 after "describe" insert "concisely"

Page 5, delete lines 26 to 33 and insert:

"Subd. 4. [STRATEGY AND FINAL REPORTS.] (a) Any department or agency of the state required to submit a biennial report to the legislature in an even-numbered year under section 15.063 may reference part or all of the discussion and information contained in a preliminary strategy report of that department or agency prepared in the prior odd-numbered year in fulfillment of providing any of the substantially equivalent material required to be in the biennial report to the legislature.

(b) It is the intent of the legislature that any preliminary strategy report by a department or agency, the draft energy and environmental strategy report of the state prepared by the environmental quality board, and the final report on the energy and environmental strategy of the state as transmitted by the governor should be written in as concise and easily understood a manner as possible while being sufficiently comprehensive to assist the legislature in allocating funds to support the policies, plans, and programs of the state related to energy and the environment. All preliminary, draft, and final reports shall contain minimal extraneous and irrelevant material.

(c) It is the intent of the legislature that the primary responsibility for preparing the preliminary strategy report relating to energy shall be the responsibility of the department of public service and that the primary responsibility for preparing the preliminary strategy report relating to the environment shall be the responsibility of the pollution control agency.

(d) To aid in effectuating the goal of the legislature that all preparatory and final reports be written in a concise and understandable manner, no preliminary strategy report of any department or agency shall exceed, without the prior approval of the environmental quality board, 30 double-spaced pages or the equivalent, 8-1/2 x 11 inches in size, including all appendices, addenda,

and attachments, except those that contain primarily charts, graphs, tabulations, or contain other numerical or pictorial information. Notwithstanding the foregoing, preliminary strategy reports of the department of public service and the pollution control agency may not exceed 50 double-spaced pages or the equivalent, 8-1/2 x 11 inches in size, including all appendices, addenda, and attachments, except those that contain primarily charts, graphs, tabulations or contain other numerical or pictorial information."

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 983, A bill for an act relating to Ramsey county; changing Ramsey county special laws to make them consistent with the county home rule charter; amending Minnesota Statutes 1990, sections 383A.06, subdivision 2; 383A.16, subdivision 4; 383A.20, subdivision 10; 383A.32, subdivision 1; and 383A.50, subdivision 4; repealing Minnesota Statutes 1990, sections 383A.04; 383A.06, subdivision 3; 383A.07, subdivisions 6, 15, and 20; 383A.16, subdivision 5; 383A.20, subdivisions 1, 6 to 9, and 11; 383A.23, subdivision 1; 383A.24; 383A.25; 383A.45; 383A.46; 383A.48; 383A.49; and 383A.50, subdivisions 1 and 3.

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1038, A bill for an act relating to checks; increasing bank verification requirements for opening checking accounts; regulating check numbering procedures; requiring the commissioner of commerce to adopt rules regarding verification procedure requirements; authorizing fees for obtaining certain information from financial institutions; modifying procedures and liability for civil restitution for holders of worthless checks; authorizing service charges for use of law enforcement agencies; clarifying criminal penalties; increasing information that banks must provide to holders of worthless checks; imposing penalties; amending Minnesota Statutes 1990, sections 48.512, subdivisions 4, 5, and by adding subdivisions; 332.50, subdivisions 1 and 2; and 609.535, subdivisions 2a, 6, and 7; proposing coding for new law in Minnesota Statutes, chapter 48.

Reported the same back with the following amendments:

Page 1, delete section 1 and insert:

"Section 1. Minnesota Statutes 1990, section 48.512, subdivision 3, is amended to read:

Subd. 3. [CONFIRM NO INVOLUNTARY CLOSING.] Before opening or authorizing signatory power over a transaction account, the financial intermediary shall attempt to verify the information disclosed for subdivision 2, clause (i). Inquiries made to verify this information through persons in the business or providing such information shall include an inquiry based on the applicant's identification number provided under subdivision 2, clause (g). The financial intermediary may not open or authorize signatory power over a transaction account if (i) the applicant had a transaction account closed by a financial intermediary without consent because of issuance by the applicant of dishonored checks within 12 months immediately preceding the application, or (ii) the applicant has been convicted of a criminal offense because of the use of a check or other similar item within 24 months immediately preceding the application.

If the transaction account is refused pursuant to this subdivision, the reasons for the refusal shall be given to the applicant in writing and the applicant shall be allowed to provide additional information.

Sec. 2. Minnesota Statutes 1990, section 48.512, subdivision 4, is amended to read:

Subd. 4. [IDENTIFICATION IS REQUIRED.] A financial intermediary shall not open or authorize *signatory power over a transaction account if none of the applicants provides a driver's license, identification card, or identification document as required by subdivision 2. If the applicant provides a driver's license or identification card issued under section 171.07, the financial intermediary must confirm the identification number and name on that card through the records of the department of public safety. The financial intermediary need not confirm this information if an employee of the financial intermediary has known the identity of the applicant for at least one year prior to the time of the application, and the employee provides a signed statement confirming that fact. When a minor is the applicant and the minor does not have a driver's license or identification card issued pursuant to section 171.07, the identification requirements of subdivision 2, clause (g), and this subdivision are satisfied if the minor's parent or guardian provides identification of that person's own that meets the identification requirement. The financial intermediary may waive the identification requirement if the applicant has had another type of account with the financial intermediary for at least one year immediately preceding the time of application."

Page 3, line 33, before "amount" insert "aggregate" and strike "check" and insert "checks"

Page 3, line 35, delete "Before bringing an action, a payee" and insert "If the amount of the dishonored check plus any service charges which have been incurred under paragraphs (d) and (e) have not been paid within 30 days after having mailed a notice of dishonor in compliance with subdivision 3 but before initiating a cause of action, the holder"

Page 4, line 4, after "(c)" insert "After notice has been sent but"

Page 4, line 16, before the period insert "if the service charge is used to reimburse the law enforcement agency for its expenses"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, delete everything after the semicolon

Page 1, delete line 5

Page 1, line 6, delete "procedure requirements;"

Page 1, line 14, after "subdivisions" insert "3,"

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. 1080, A bill for an act relating to education; requiring the higher education coordinating board to make certain recommendations to the legislature.

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, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1105, A bill for an act relating to Ramsey county; providing for additional civil service certification of underrepresented groups; amending Minnesota Statutes 1990, section 383A.291, subdivision 2.

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1119, A bill for an act relating to education; requiring the development of policies for students with disabilities in postsecondary institutions; proposing coding for new law in Minnesota Statutes, chapter 135A.

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

The report was adopted.

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

H. F. No. 1134, A bill for an act relating to human services; clarifying membership requirements for the advisory committee for regional service centers for hearing impaired persons; authorizing fees for interpreter referral services; amending Minnesota Statutes 1990, sections 256C.24, subdivisions 2 and 3; and 256C.25.

Reported the same back with the following amendments:

Page 2, delete section 2

Page 2, line 18, delete "3" and insert "2"

Page 2, line 25, strike "The commissioner of human services" and before "may" insert "Within the seven-county metro area, the commissioner shall contract for these services; outside the metro area, the commissioner shall directly coordinate these services but"

Page 2, line 32, before the period insert "or hearing-impaired consumers or interpreters"

Delete the title and insert:

"A bill for an act relating to human services; authorizing fees for interpreter referral services; amending Minnesota Statutes 1990, sections 256C.24, subdivision 2; and 256C.25."

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1150, A bill for an act relating to crimes; increasing the penalty for assaulting a correctional officer; amending Minnesota Statutes 1990, section 609.2231, subdivision 3.

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. 1173, A bill for an act relating to natural resources; amending certain provisions concerning mineral exploration, exploratory boring, and data acquired in connection therewith; authorizing the adoption of rules establishing minimum standards for wells to explore for or produce oil, gas, and related hydrocarbons; amending Minnesota Statutes 1990, sections 13.793, subdivision 2; 103I.601, subdivision 4; and 103I.605, subdivision 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 13.793, subdivision 2, is amended to read:

Subd. 2. [DATA BECOME PUBLIC.] (a) Data under subdivision 1, clause (1), become public data three years after the date the lease sale was held or, if not held, within three years after the date the

lease sale was scheduled to be held. Except as provided in paragraph (b), data under subdivision 1, clause (2), become public data ~~90 days~~ one year after receipt by the commissioner.

(b) If data under subdivision 1, clause (2), relate to private land that is under mineral lease to the person submitting the data, and the mineral lease is in force at the time the data are submitted, the data become public data only after the mineral lease is no longer in force. The person submitting the data that relate to private land that is under mineral lease shall provide to the commissioner at the time the data are submitted and annually thereafter, in a format designated by the commissioner, satisfactory evidence that the mineral lease is in effect. If, in a given year, satisfactory evidence that the mineral lease is still in effect is not provided to the commissioner before the anniversary date of receipt of the data by the commissioner, the data immediately become public data.

Sec. 2. Minnesota Statutes 1990, section 103I.601, subdivision 4, is amended to read:

Subd. 4. [MAP OF BORINGS.] By ten days before beginning exploratory boring, an explorer must submit to the commissioners of health and natural resources *a county road map having a scale of* one-half inch equal to one mile, as prepared by the department of transportation, showing the location of each proposed exploratory boring to the nearest estimated 40 acre parcel. Exploratory boring that is proposed on the map may not be commenced later than 180 days after submission of the map, unless a new map is submitted.

Sec. 3. Minnesota Statutes 1990, section 103I.605, subdivision 4, is amended to read:

Subd. 4. [EXPLORATION DATA.] (a) By ~~six months~~ 180 days after termination by the explorer of a lease or other type of exploration agreement on a property the data from the exploration must be submitted to the commissioner of natural resources. The data is public data and persons submitting or releasing the data are not subject to civil or criminal liability for its use by others.

(b) Data that will become public under paragraph (a) may be submitted, with the prior written permission of the commissioner of natural resources, before the termination. *If the data are submitted* earlier than the required time, data do not become public data until 180 days after termination by the explorer of the lease or other type of exploration agreement on the property from which the data is obtained. An explorer submitting data before the time required by paragraph (a) shall provide to the commissioner of natural resources at the time the data are submitted and every 180 days thereafter, in a format designated by the commissioner of natural resources, satisfactory evidence that the lease or other type of exploration agreement is in effect. If satisfactory evidence that the mineral lease

or other exploration agreement is still in effect is not provided to the commissioner of natural resources for a given 180-day period by the required date, the data immediately become public data. The explorer may waive, in writing, the data privacy requirements and agree that data submitted before the time required by paragraph (a) are public data.

(c) Notwithstanding paragraph (b), exploration drill core and samples submitted before the time required by paragraph (a) become public data no later than five years after receipt of the exploration drill core and samples by the commissioner of natural resources even if the lease or other type of exploration agreement on the property from which the exploration drill core and samples were obtained has not terminated."

Delete the title and insert:

"A bill for an act relating to natural resources; amending certain provisions concerning mineral exploration, exploratory boring, and data acquired in connection therewith; amending Minnesota Statutes 1990, sections 13.793, subdivision 2; 103I.601, subdivision 4; and 103I.605, subdivision 4."

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

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1189, A bill for an act relating to counties; permitting counties to spend money for broadcast facilities; amending Minnesota Statutes 1990, section 375.164.

Reported the same back with the following amendments:

Page 1, line 8, reinstate the stricken "TELEVISION TRANSLATOR" and before "BROADCAST" insert "OR"

Page 1, line 13, reinstate the stricken language and before "broadcast" insert "or"

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. 1208, A bill for an act relating to game and fish; extending the date by which fish houses and dark houses must be removed from certain state waters; amending Minnesota Statutes 1990, section 97C.355, subdivision 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 97C.355, subdivision 7, is amended to read:

Subd. 7. [DATES AND TIMES HOUSES MAY REMAIN ON ICE.] (a) ~~After February 28,~~ A fish house or dark house may not be on the ice between 12:00 a.m. and one hour before sunrise after the following dates:

(1) February 28, for state waters south of a line starting at the Minnesota-North Dakota border and formed by rights-of-way of Trunk Highway No. 200, then east along Trunk Highway No. 200 to U.S. Route No. 2, then east along U.S. Route No. 2 to the Minnesota-Wisconsin border; and

(2) March 15, for other state waters.

A fish house or dark house on the ice in violation of this subdivision is subject to the enforcement provisions of paragraph (b). The commissioner may, by order, ~~extend~~ change the ~~date beyond February 28~~ dates in this paragraph for any part of ~~international boundary~~ state waters. Copies of the order must be conspicuously posted on the shores of the waters as prescribed by the commissioner.

(b) A conservation officer must confiscate a fish house or dark house in violation of paragraph (a). The officer may remove, burn, or destroy the house. The officer shall seize the contents of the house and hold them for 60 days. If the seized articles have not been claimed by the owner, they may be retained for the use of the division or sold at the highest price obtainable in a manner prescribed by the commissioner."

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. 1227, A bill for an act relating to agriculture; changing certain food licensing fees; amending Minnesota Statutes 1990, section 28A.08.

Reported the same back with the following amendments:

Page 4, after line 7, insert:

"Sec. 2. [FEE INCREASE LIMIT.]

If the fee increases in section 1 will raise more than $271,000 in additional revenue in the fiscal biennium ending June 30, 1993, the commissioner of agriculture shall reduce the fees so that the additional revenue raised is no more than $271,000. Additionally, all license fees collected under Minnesota Statutes, section 28A.08, shall be dedicated funds to this section."

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. 1241, A bill for an act relating to agriculture; eliminating certain requirements for processing of farmstead cheese; amending Minnesota Statutes 1990, section 32.486, subdivision 1a.

Reported the same back with the following amendments:

Page 1, line 9, reinstate the stricken "(a)"

Page 1, line 12, reinstate the stricken "(b)"

Page 1, line 14, after the stricken period insert "The commissioner may require pasteurization if test samples demonstrate cheese and cultured dairy foods are not free of pathogens. The commissioner must inspect facilities at least four times each year."

Amend the title as follows:

Page 1, line 2, delete "eliminating" and insert "permitting"

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1277, A bill for an act relating to eminent domain; providing for exercise of eminent domain power over properties owned by railroads.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [117.57] [AUTHORITIES; RAILROAD PROPERTIES.]

The power of eminent domain of an authority, as defined in section 469.174, subdivision 2, extends to railroad properties located within the authority's limits, provided:

(1) the railroad property is not a line of track for which abandonment is required under federal law, or if it is a line of track for which abandonment is required under federal law, abandonment has been approved;

(2) some part of the property contains land pollution as defined in section 116.06, or contains a release or threatened release of petroleum, as provided in chapter 115C, or contains a release or threatened release of a pollutant, contaminant, hazardous substance, or hazardous waste, as provided in chapter 115B; and

(3) the authority intends to develop the property and has a plan for its cleanup and development within five years.

Upon a showing by the petitioner in condemnation proceedings that the conditions described in clauses (1) to (3) exist, then the public use to which the authority would put the property is adjudged a superior public use to railroad use or any other past, present, or proposed future use, regardless of whether the property is held in trust, was previously acquired by condemnation, or is owned by a railroad.

Sec. 2. [117.571] [RELATION TO STATE RAIL BANK.]

Nothing in section 1 shall supersede the provisions of section 222.63."

Amend the title as follows:

Page 1, line 4, before the period insert "; proposing coding for new law in Minnesota Statutes, chapter 117"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1282, A bill for an act relating to local government; providing procedures for storm sewer improvements; amending Minnesota Statutes 1990, section 444.18, by adding a subdivision; repealing Minnesota Statutes 1990, section 444.18, subdivision 2.

Reported the same back with the following amendments:

Page 1, line 25, before the period insert "except as to the parties who were not given prescribed notice and were materially prejudiced by the failure to give such notice"

Page 2, line 2, delete "council" and insert "governing body" and delete "city" and insert "municipal"

Page 2, line 11, delete "council" and insert "governing body"

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:

H. F. No. 1305, A bill for an act relating to agriculture; changing the livestock market agency and dealer licensing act; amending Minnesota Statutes 1990, sections 17A.01; 17A.03, subdivisions 1 and 7; 17A.04, subdivision 1; 17A.14; proposing coding for new law in Minnesota Statutes, chapter 17A; repealing Minnesota Statutes 1990, section 17A.15.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 17A.01, is amended to read:

17A.01 [CITATION.]

~~Sections 17A.01 to 17A.15~~ This chapter may be cited as the Minnesota livestock market agency and dealer licensing act.

Sec. 2. Minnesota Statutes 1990, section 17A.03, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] As used in ~~sections 17A.01 to 17A.15~~ this chapter, the terms defined in this section have the meanings given them.

Sec. 3. Minnesota Statutes 1990, section 17A.03, subdivision 5, is amended to read:

Subd. 5. [LIVESTOCK.] "Livestock" means cattle, sheep, swine, horses intended for slaughter, mules, and goats.

Sec. 4. Minnesota Statutes 1990, section 17A.03, subdivision 7, is amended to read:

Subd. 7. [LIVESTOCK DEALER.] "Livestock dealer" means any person, including a packing company, engaged in the business of buying or selling livestock on a regular basis for the person's own account or for the account of others.

"Livestock dealer" does not include:

(a) persons licensed under section 28A.04 who are primarily engaged in the sale of meats at retail and persons operating as frozen food processing plants as defined in section 31.185; and

(b) persons engaged in the business of farming, when purchasing livestock for breeding or herd replacement purposes or feeding programs, and when selling the livestock they have owned and raised, fed out or fattened for slaughter in their specific farming program.

Sec. 5. Minnesota Statutes 1990, section 17A.04, subdivision 1, is amended to read:

Subdivision 1. [LICENSING PROVISIONS.] Licenses shall be issued to livestock market agencies and public stockyards annually and shall expire on December 31 each year, renewable annually thereafter. The license issued to a livestock market agency and public stockyard shall be conspicuously posted at the licensee's place of business. Licenses shall be required for livestock dealers and their

agents for the period beginning July 1 each year and ending June 30. The license issued to a livestock dealer or the agent of a livestock dealer shall be carried by the person so licensed. The livestock dealer shall be responsible for the acts of the dealer's agents. Licensed livestock market agencies, public stockyards, and livestock dealers shall be responsible for the faithful performance of duty of the public livestock weighers at their places of business. The license issued to a livestock market agency, public stockyard or livestock dealer or agent of a livestock dealer is not transferable. The operation of livestock market agencies, livestock dealers, agents and packers at a public stockyard are exempt from sections 17A.01 to ~~17A.09~~ 17A.091, and 17A.12 to ~~17A.15~~ 17A.17.

Sec. 6. Minnesota Statutes 1990, section 17A.14, is amended to read:

17A.14 [PENALTIES.]

Subdivision 1. [CRIMINAL PENALTIES.] Any person, duly licensed or otherwise, who violates ~~the provisions of sections 17A.01 to 17A.15~~ this chapter, for which violation a penalty has not been specifically set out, is guilty of a misdemeanor. Any subsequent violation is a gross misdemeanor.

Subd. 2. [CIVIL PENALTIES.] (a) The commissioner, as an alternate to misdemeanor prosecution, may impose a civil penalty on a person who violates a statute or rule enforceable by the commissioner. For a first violation, the commissioner may impose a civil penalty of not more than $500 for each violation. For a second or succeeding violation, the commissioner may impose a penalty of not more than $1,000 for each violation.

(b) In determining the amount of the civil penalty, the commissioner may consider:

(1) the willfulness of the violation;

(2) the gravity of the violation;

(3) the person's history of past violations;

(4) the number of violations;

(5) the economic benefit from the violations; and

(6) other factors identified in the commissioner's citation.

(c) For a second or succeeding violation, the commissioner shall determine the amount of a penalty by considering the factors in paragraph (b) and:

(1) similarity between the violations;

(2) time elapsed since the last violation; and

(3) the person's response to the most recent violation.

Sec. 7. [17A.145] [CIVIL PENALTY PROCEDURES.]

Subdivision 1. [CITATION.] If the commissioner believes that a person has violated this chapter or a rule or order adopted under this chapter, the commissioner shall issue a written citation to the person by personal service or by certified mail. The citation must describe with particularity the nature of the violation, including a reference to the statute, rule, or order alleged to have been violated. In addition, the citation must fix a reasonable time for the abatement of the violation and notify the person of the penalty, if any, proposed to be assessed. The citation must also advise that the person has 30 working days within which to notify the commissioner in writing that the person wishes to contest the citation, proposed penalty assessment, or time allowed for correction. The commissioner may issue notices instead of citations with respect to minor violations if the commissioner believes a notice will best serve the public interest.

Subd. 2. [FINAL ORDER.] If within 30 working days after receiving the commissioner's notice or citation the person fails to notify the commissioner in writing that the person intends to contest the citation, proposed penalty, assessment, or time allowed for correction in the citation, the citation and assessment as proposed become a final order and are not subject to further review. For good cause shown the commissioner may extend the time period for responding.

Subd. 3. [APPEAL.] The time allowed for correcting a violation does not begin to run until the entry of a final order if the person has initiated review proceedings under this section in good faith. If the commissioner has reason to believe that a person has failed to correct a violation for which a citation has been issued within the time allowed, the commissioner shall notify the person by certified mail of the failure. The notification must state the penalty proposed to be assessed for the failure under section 17A.14 and must state that the person has 30 working days to notify the commissioner in writing that the person wishes to contest the notification or the proposed penalty assessment. If within 30 working days after receiving the notification the person fails to notify the commissioner in writing that the person intends to contest the notification or proposed penalty assessment, the notification and assessment as proposed become a final order and are not subject to further review. For good cause shown the commissioner may extend the time period for responding.

Subd. 4. [CITATION CONTEST.] If a person who has received a citation or a proposed penalty assessment notifies the commissioner that the person intends to contest the citation or the proposed penalty assessment within the time limits in subdivisions 2 and 3, the commissioner shall file a complaint with the office of administrative hearings and serve a copy on the respondent by first class mail. The complaint must be served and copies filed within 40 days of receiving the notice of contest. The complaint must set forth all alleged violations and proposed penalties that are contested.

Subd. 5. [CONTESTED CASE HEARING.] Notwithstanding chapter 14, after an answer has been timely filed the case must be heard as a contested case except that the report of the administrative law judge is the final decision of the department of agriculture.

Sec. 8. [17A.151] [DUTY TO PROSECUTE.]

It is the duty of each county attorney or city attorney to whom the commissioner reports a violation of this chapter to cause appropriate proceedings to be instituted in the proper courts without delay and to be prosecuted in the manner required by law. Before a violation of this chapter is reported to a county attorney or city attorney for the institution of a criminal proceeding, the person against whom the proceeding is contemplated must be given appropriate notice and an opportunity to present views before the commissioner or the commissioner's designated agent, either orally or in writing, in person, or by attorney, with regard to the contemplated proceeding."

Delete the title and insert:

"A bill for an act relating to agriculture; changing the livestock market agency and dealer licensing act; amending Minnesota Statutes 1990, sections 17A.01; 17A.03, subdivisions 1, 5, and 7; 17A.04, subdivision 1; 17A.14; proposing coding for new law in Minnesota Statutes, chapter 17A."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1310, A bill for an act relating to crimes; creating the gross misdemeanor offense of assaulting a public employee who is engaged in mandated duties; amending Minnesota Statutes 1990, section 609.2231, by adding a subdivision.

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1352, A bill for an act relating to state government; requiring that the principal offices of the department of agriculture be located in Waseca; 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. [AGRICULTURE DEPARTMENT RELOCATION; STUDY.]

(a) The commissioner of administration, in consultation with the commissioner of agriculture and the regents of the University of Minnesota, shall propose a plan for relocating the principal offices of the department of agriculture to the former Waseca campus or other suitable locations in rural Minnesota.

(b) Not later than February 15, 1992, the commissioner must report on the relocation plan to the legislature.

(c) The plan must:

(1) include provisions for laboratory space as needed for the department of agriculture; and

(2) include classroom and meeting room space for the department of agriculture sufficient to meet present and future needs of the department and the Minnesota extension service.

Sec. 2. [APPROPRIATION.]

$..... is appropriated from the general fund to the commissioner of administration for the study in section 1.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; requiring a plan for the relocation of the principal offices of the department of agriculture; 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.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1396, A bill for an act relating to local government; allowing Pine county to transfer money from the county welfare fund to the general fund to support a hospital.

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

The report was adopted.

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

H. F. No. 1418, A bill for an act relating to human services; Minnesota comprehensive health association; clarifying the calculation of contributing members' share of expenses; excluding medical assistance and general assistance medical care payments from the calculation; amending Minnesota Statutes 1990, section 62E.11, subdivision 5.

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1450, A bill for an act relating to agriculture; changing certain deadlines of the agricultural chemical response compensation board; amending Minnesota Statutes 1990, sections 18E.04, subdivision 5; and 18E.05, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 18E.04, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENT PAYMENTS.] (a) The board shall pay a person that is eligible for reimbursement or payment under subdivisions 1, 2, and 3 from the agricultural chemical response and reimbursement account for:

(1) 90 percent of the total reasonable and necessary corrective action costs greater than $1,000 and less than or equal to $100,000; and

(2) 100 percent of the total reasonable and necessary corrective action costs ~~equal to or~~ greater than $100,000 but less than or equal to $200,000.

(b) A reimbursement or payment may not be made until the board has determined that the costs are reasonable and are for a reimbursement of the costs that were actually incurred.

(c) The board may make periodic payments or reimbursements as corrective action costs are incurred upon receipt of invoices for the corrective action costs.

(d) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments and reimbursements directed by the board under this subdivision.

Sec. 2. Minnesota Statutes 1990, section 18E.04, subdivision 5, is amended to read:

Subd. 5. [REIMBURSEMENT OR PAYMENT DECISIONS.] (a) The board may issue a letter of intent on whether a person is eligible for payment or reimbursement. The letter is not binding on the board.

(b) The board must issue an order granting or denying a request within 30 days following the board meeting at which the board votes to grant or deny a request for reimbursement or for payment under subdivision 1, 2, or 3.

(c) After an initial request is made for reimbursement, notwithstanding subdivisions 1 to 4, the board may deny additional requests for reimbursement.

(d) If a request is denied, the eligible person may appeal the decision as a contested case hearing under chapter 14.

Sec. 3. Minnesota Statutes 1990, section 18E.05, subdivision 3, is amended to read:

Subd. 3. [PROCEDURES.] The board must ~~issue an order granting or denying a request within 30 days of receipt of a completed application unless the applicant and the commissioner agree to a longer time period.~~ receive a completed application at least 30 days before a board meeting for a request for reimbursement or payment to be considered at that meeting. The board may waive the 30-day requirement if it determines that undue financial hardship to the applicant will result if action is delayed until the next regular meeting. The board must consider a completed application request at the next regular board meeting, unless additional information is required from the applicant or the commissioner. If the board denies reimbursement or payment, its decision may be appealed in a contested case proceeding under chapter 14."

Delete the title and insert:

"A bill for an act relating to agriculture; changing certain numerical figures and deadlines of the agricultural chemical response compensation board; amending Minnesota Statutes 1990, sections 18E.04, subdivisions 4 and 5; and 18E.05, subdivision 3."

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

The report was adopted.

Segal from the Committee on Economic Development to which was referred:

H. F. No. 1514, A bill for an act relating to economic development; establishing the Minnesota marketplace program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116J.

Reported the same back with the following amendments:

Page 4, after line 8, insert:

"The commissioner of trade and economic development shall review the services to determine if they duplicate other state services and communicate this information to the proper legislative committees."

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. 1545, A bill for an act relating to agriculture; appropriating money for farm advocates within the farmer-lender mediation act.

Reported the same back with the following amendments:

Page 1, line 6, delete "$....." and insert "$400,000"

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. 1549, A resolution memorializing the President and Congress of the United States to ensure that the federal milk marketing order is modified.

Reported the same back with the following amendments:

Delete page 1, line 6 to page 2, line 24, and insert:

"*Whereas*, the health of Minnesota's dairy industry, which is now in crisis, is key to the economic well-being of the state of Minnesota; and

Whereas, agriculture is the number one revenue-producing industry in Minnesota, and the dairy industry produces the largest share of this revenue; and

Whereas, the current milk price is the lowest farmers have received since September, 1978; and

Whereas, the present milk support price of $10.10 per hundredweight fails to meet dairy farmers' minimum costs of production; and

Whereas, Minnesota has lost 10,000 dairy farmers since 1980, has lost 40 more in the past two weeks, and in the face of the present crisis will continue to lose dairy farmers at an alarming rate, threatening the very existence of the dairy industry in the state; and

Whereas, the income of dairy farmers will be further reduced by an assessment of five cent per hundredweight on nearly ten billion pounds of Minnesota milk in 1991, which is just the latest in a continuing string of increases in fees and assessments paid by dairy farmer; and

Whereas, federal milk marketing orders are discriminatory and skewed to give unfair advantage to large corporate farms of the West and South, suppressing milk prices in the Upper Midwest and inflating prices by several dollars per hundredweight in nontraditional dairy areas; and

Whereas, the dairy farmer has taken more substantial cuts in federal support than any other sector of our economy and agriculture itself, starting with repeal of the April, 1991, six-month price support adjustment for inflation and a continuous series of cuts and reductions in the price support base and fee and assessment increases paid by dairy farmers on milk production in every decision made by the President and Congress; and

Whereas, the Minnesota House and Senate and the Minnesota Governor are committed to preserving the family farm structure and Minnesota's small dairy farmers, *Now, Therefore,*

Be It Resolved by the Legislature of the State of Minnesota that it urges the President, Congress, and the Secretary of Agriculture to immediately respond to the crisis in the Midwest dairy industry by reopening the dairy provisions of the 1990 federal farm law to insure that Minnesota and Midwest dairy farmers receive cost of production plus a reasonable profit for their products.

Be It Further Resolved that the United States Secretary of Agriculture should immediately take action to alleviate the Minnesota and Midwestern dairy crisis by modifying and changing the federal milk marketing order system so as to eliminate the discriminatory provisions from the orders that pay more for milk to Western and Southern producers than paid to Midwest dairy farmers and encourage increased dairy production in markets distant from the Upper Midwest, depressing prices for Minnesota producers.

Be It Further Resolved that Congress take immediate action to alleviate the crisis in the Midwest dairy industry by increasing milk price supports by $2.30 per hundredweight, an increase that will allow Midwest producers to break even on costs of production.

Be It Further Resolved that the Secretary of State of the State of Minnesota is directed to prepare certified copies of this memorial and transmit them to the President of the United States, the President and Secretary of the United States Senate, the Speaker and Chief Clerk of the United States House of Representatives, the Chair of the House of Representatives Committee on Agriculture, the Chair of the Dairy Division of the House of Representatives Committee on Agriculture, Minnesota's Senators and Representatives in Congress, and the United States Secretary of Agriculture."

Delete the title and insert:

"A resolution memorializing the President and the Congress of the United States to take action to alleviate the crisis in the Midwest dairy industry."

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

The report was adopted.

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

S. F. No. 6, A bill for an act relating to insurance; clarifying policy requirement provisions relating to Medicare supplement insurance plans; amending Minnesota Statutes 1990, section 62A.31, subdivision 1.

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

The report was adopted.

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

S. F. No. 473, A bill for an act relating to health; allowing nursing homes to transfer medical assistance certification among beds; amending Minnesota Statutes 1990, section 144A.071, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 144A.071, is amended by adding a subdivision to read:

Subd. 3a. [CERTIFICATION OF LICENSED BEDS IN A CERTIFIED FACILITY.] Nothing in this section prohibits the commissioner of health from certifying licensed nursing home beds in a facility certified for medical assistance, provided that these beds meet the certification requirements and the facility enters into a written agreement with the commissioner of human services specifying that medical assistance reimbursement shall not be requested for a greater number of residents than the facility had medical assistance certified beds on April 1, 1991."

Delete the title and insert:

"A bill for an act relating to health; allowing licensed nursing home beds to be certified under certain conditions; amending Minnesota Statutes 1990, section 144A.071, 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.

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

S. F. No. 531, A bill for an act relating to waste; authorizing a water or sewer commission to issue bonds; amending Minnesota Statutes 1990, section 116A.24, subdivisions 2 and 3.

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:

S. F. No. 561, A bill for an act relating to natural resources; authorizing certain minors to harvest wild rice without a license; amending Minnesota Statutes 1990, sections 84.091, subdivision 2.

Reported the same back with the following amendments:

Page 1, line 15, before the period insert ", if accompanied by a person with a wild rice license"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

S. F. No. 636, A bill for an act relating to local government; enlarging authority to participate in certain federal loan programs; amending Minnesota Statutes 1990, section 465.73.

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

The report was adopted.

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

S. F. No. 774, A bill for an act relating to health; clarifying licensing requirements for certain residential programs for persons with chemical dependency; establishing procedures for contesting a transfer or discharge from a nursing home; setting a time limit for appeals of civil penalties under the nursing home licensing laws; providing procedures for contesting findings under the vulnerable adults act; amending Minnesota Statutes 1990, sections 144.50, subdivision 6; 144.653, subdivision 5; 144A.10, subdivisions 4 and 6d; 144A.135; 144A.45, subdivision 2; 144A.46, subdivision 2, and by adding a subdivision; 144A.53, subdivision 1; 144A.61, subdivisions 3, 3a, and 6a; 144A.611, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 144A.

Reported the same back with the following amendments:

Page 1, after line 17, insert:

"Section 1. Minnesota Statutes 1990, section 62D.044, is amended to read:

62D.044 [ADMITTED ASSETS.]

"Admitted assets" includes the following:

(1) petty cash and other cash funds in the organization's principal or official branch office that are under the organization's control;

(2) immediately withdrawable funds on deposit in demand accounts, in a bank or trust company organized and regularly examined under the laws of the United States or any state, and insured by an agency of the United States government, or like funds actually in the principal or official branch office at statement date, and, in transit to a bank or trust company with authentic deposit credit given before the close of business on the fifth bank working day following the statement date;

(3) the amount fairly estimated as recoverable on cash deposited in a closed bank or trust company, if the assets qualified under this section before the suspension of the bank or trust company;

(4) bills and accounts receivable that are collateralized by securities in which the organization is authorized to invest;

(5) premiums due from groups or individuals that are not more than 90 days past due;

(6) amounts due under reinsurance arrangements from insurance companies authorized to do business in this state;

(7) tax refunds due from the United States or this state;

(8) interest accrued on mortgage loans not exceeding in aggregate one year's total due and accrued interest on an individual loan;

(9) the rents due to the organization on real and personal property, directly or beneficially owned, not exceeding the amount of one year's total due and accrued rent on each individual property;

(10) interest or rents accrued on conditional sales agreements, security interests, chattel mortgages, and real or personal property under lease to other corporations that do not exceed the amount of one year's total due and accrued interest or rent on an individual investment;

(11) the fixed required interest due and accrued on bonds and other evidences of indebtedness that are not in default;

(12) dividends receivable on shares of stock, provided that the market price for valuation purposes does not include the value of the dividend;

(13) the interest on dividends due and payable, but not credited, on deposits in banks and trust companies or on accounts with savings and loan associations;

(14) interest accrued on secured loans that do not exceed the amount of one year's interest on any loan;

(15) interest accrued on tax anticipation warrants;

(16) the amortized value of electronic computer or data processing machines or systems purchased for use in the business of the organization, including software purchased and developed specifically for the organization's use;

(17) the cost of furniture, equipment, and medical equipment, less accumulated depreciation thereon, and medical and pharmaceutical supplies that are used to deliver health care and are under the organization's control, provided ~~the~~ such assets do not exceed 30 percent of admitted assets;

(18) amounts currently due from an affiliate that has liquid assets with which to pay the balance and maintain its accounts on a current basis. Any amount outstanding more than three months is not current;

(19) amounts on deposit under section 62D.041;

(20) accounts receivable from participating health care providers that are not more than 60 days past due; and

(21) investments allowed by section 62D.045, except for investments in securities and properties described under section 61A.284.

Sec. 2. Minnesota Statutes 1990, section 62D.045, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTIONS.] Funds of a health maintenance organization shall be invested only in securities and property designated by law for investment by domestic life insurance companies, except that money may be used to purchase real estate, including leasehold estates and leasehold improvements, for the convenient accommodation of the organization's business operations, including the home office, branch offices, medical facilities, and field office operations, on the following conditions:

(1) a parcel of real estate acquired under this subdivision may include excess space for rent to others if it is reasonably anticipated that the excess will be required by the organization for expansion or if the excess is reasonably required in order to have one or more buildings that will function as an economic unit;

(2) the real estate may be subject to a mortgage; and

(3) the purchase price of the asset, including capitalized permanent improvements, less depreciation spread evenly over the life of the property or less depreciation computed on any basis permitted under the Internal Revenue Code and its regulations, or the organization's equity, plus all encumbrances on the real estate owned by a company under this subdivision, whichever is greater, does not exceed 20 percent of its admitted assets, except if, when calculated in combination with the assets described in section 62D.044, clause (17), the total of said assets and the real estate assets described hereunder do not exceed the total combined percent limitations allowable under this section and section 62D.044, clause (17), or, if permitted by the commissioner upon a finding that the percentage of the health maintenance organization's admitted assets is insufficient to provide convenient accommodation for the organization's business. However, a health maintenance organization that directly provides medical services may invest an additional 20 percent of its admitted assets in real estate, not requiring the permission of the commissioner."

Page 8, line 34, after the period insert "After January 1, 1992,"

Page 11, after line 17, insert:

"Sec. 18. [EFFECTIVE DATE.]

Sections 1 to 17 are effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after "health;" insert "defining "admitted assets";"

Page 1, line 10, after "sections" insert "62D.044; 62D.045, subdivision 1;"

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 340, 378, 401, 765, 817, 920, 978, 983, 1038, 1105, 1119, 1150, 1189, 1208, 1241, 1277, 1282, 1305, 1310, 1396, 1418 and 1549 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 6, 531, 561, 636 and 774 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Jefferson introduced:

H. F. No. 1638, A bill for an act relating to employment; providing a wage subsidy program for unemployed persons in a category with high unemployment; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 268.

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

Orenstein, Trimble, Dawkins, Mariani and Hausman introduced:

H. F. No. 1639, A bill for an act relating to Ramsey county; increasing the payment to the city of St. Paul by Ramsey county for streets; amending Minnesota Statutes 1990, section 383A.16, subdivision 1.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Dawkins, Trimble, Orenstein, Mariani and Hausman introduced:

H. F. No. 1640, A bill for an act relating to taxation; excluding property in the city of St. Paul from the levy for county roads and bridges.

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

Steensma, Kalis, Welle, Uphus and Lasley introduced:

H. F. No. 1641, A bill for an act relating to transportation; authorizing the use of local bridge grant funds to construct drainage structures; amending Laws 1990, chapter 610, article 1, section 13, subdivision 5.

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

Krinkie, Sarna, O'Connor, Welle and Bettermann introduced:

H. F. No. 1642, A bill for an act relating to state government; requiring a study of occupational and professional licensing.

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

Schafer introduced:

H. F. No. 1643, A bill for an act relating to taxation; removing the requirement of bulk purchases by governmental entities in order to qualify for the tax credit on gasohol; amending Minnesota Statutes 1990, section 296.02, subdivision 8.

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

Smith, Limmer and Erhardt introduced:

H. F. No. 1644, A bill for an act relating to pesticides; changing duties and operations of the metropolitan mosquito control district; providing for public pest management techniques; giving duties to the commissioner of health; amending Minnesota Statutes 1990, sections 18B.063; 144.05; 473.702; 473.704, by adding subdivisions; 473.706; and 473.711, subdivision 2, and by adding a subdivision.

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

Tunheim introduced:

H. F. No. 1645, A bill for an act relating to taxation; increasing the rate of interest on certain delinquent property taxes; reducing the period for redemption of certain tax-forfeited property; amending Minnesota Statutes 1990, sections 279.03, subdivision 1a; and 281.17.

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

Pauly and Gutknecht introduced:

H. F. No. 1646, A bill for an act relating to taxation; allowing home rule and statutory cities to impose a sales tax; proposing coding for new law in Minnesota Statutes, chapter 469.

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

Blatz, Jennings, Lynch, Rukavina and Winter introduced:

H. F. No. 1647, A bill for an act relating to environment; providing for printouts of vehicle emissions tests; allowing qualified service stations and garages to inspect motor vehicles for emissions violations and specifying a maximum labor charge for the inspection; amending Minnesota Statutes 1990, section 116.62, subdivisions 2 and 3.

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

Pauly and Waltman introduced:

H. F. No. 1648, A bill for an act relating to state government; creating the office of victim services and rights within the office of the attorney general; providing for its duties; transferring powers and duties of the commissioners of corrections and public safety relating to victim services and rights to the office of victim services and rights; establishing the sexual violence and general crime victims advisory councils; authorizing the director of the office of victim services and rights to provide and administer grants-in-aid for sexual violence, battered women, and other crime victim programs; establishing a family violence task force; amending Minnesota Statutes 1990, sections 611A.0311, subdivision 2; 611A.20, subdivision 2; 611A.21; 611A.22; 611A.31, by adding a subdivision; 611A.32, subdivisions 1, 1a, 4, and by adding a subdivision; 611A.33; 611A.34, subdivision 1, and by adding a subdivision; 611A.41, subdivision 1; 611A.43; 611A.55, subdivision 1; 611A.56, subdivision 1; 611A.71, subdivisions 1, 2, and 6; 611A.73, by adding a subdivision; and 611A.74, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1990, sections 611A.02; 611A.221; 611A.23; 611A.31, subdivision 5; 611A.32, subdivisions 2, 3, and 5; 611A.34, subdivision 3; 611A.35; 611A.36, subdivisions 1 and 2; 611A.41, subdivision 2; 611A.42; and 611A.44.

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

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. 598, A bill for an act relating to insurance; regulating agent rehabilitations and cancellations of agency contracts by fire and casualty companies; amending Minnesota Statutes 1990, sections 60A.171; and 60A.175.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Pugh moved that the House concur in the Senate amendments to H. F. No. 598 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 598, A bill for an act relating to insurance; regulating agent rehabilitations and cancellations of agency contracts by fire and casualty companies; amending Minnesota Statutes 1990, sections 60A.171; and 60A.175.

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:

Abrams	Cooper	Hartle	Kalis	McEachern
Anderson, I.	Dauner	Hasskamp	Kelso	McGuire
Anderson, R. H.	Davids	Haukoos	Kinkel	McPherson
Battaglia	Dawkins	Hausman	Knickerbocker	Milbert
Bauerly	Dempsey	Heir	Koppendrayer	Morrison
Beard	Dille	Henry	Krinkie	Munger
Begich	Dorn	Hufnagle	Krueger	Murphy
Bertram	Erhardt	Hugoson	Lasley	Nelson, K.
Bettermann	Farrell	Jacobs	Leppik	Nelson, S.
Bishop	Frerichs	Janezich	Lieder	Newinski
Blatz	Garcia	Jaros	Limmer	O'Connor
Bodahl	Girard	Jefferson	Long	Ogren
Boo	Goodno	Jennings	Lourey	Olsen, S.
Brown	Greenfield	Johnson, A.	Lynch	Olson, E.
Carlson	Gruenes	Johnson, R.	Macklin	Olson, K.
Carruthers	Gutknecht	Johnson, V.	Mariani	Omann
Clark	Hanson	Kahn	Marsh	Onnen

Orenstein	Pugh	Scheid	Steensma	Vellenga
Orfield	Reding	Seaberg	Sviggum	Wagenius
Osthoff	Rest	Segal	Swenson	Waltman
Ostrom	Rice	Simoneau	Thompson	Wejcman
Ozment	Rodosovich	Skoglund	Tompkins	Welker
Pauly	Rukavina	Smith	Trimble	Welle
Pellow	Runbeck	Solberg	Tunheim	Wenzel
Pelowski	Sarna	Sparby	Uphus	Winter
Peterson	Schafer	Stanius	Valento	Spk. Vanasek

The bill was repassed, as amended by the Senate, and its title agreed to.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Long, from the Committee on Rules and Legislative Administration, pursuant to rule 1.09, designated the following bills as Special Orders to be acted upon immediately following Special Orders pending for today, Thursday, April 18, 1991:

H. F. Nos. 921, 287, 932, 887, 877, 74, 870, 459, 526, 244, 592, 414, 584, 806, 832, 825, 1070, 744, 181, 683 and 875.

CONSENT CALENDAR

S. F. No. 339, A bill for an act relating to taxation; providing that certain nonprofit organizations that provide athletic programs qualify for a sales tax exemption on their purchases.

The bill was read for 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:

Abrams	Bodahl	Dille	Gutknecht	Jaros
Anderson, I.	Boo	Dorn	Hanson	Jefferson
Anderson, R. H.	Brown	Erhardt	Hartle	Jennings
Battaglia	Carlson	Farrell	Hasskamp	Johnson, A.
Bauerly	Carruthers	Frederick	Haukoos	Johnson, R.
Beard	Clark	Frerichs	Hausman	Johnson, V.
Begich	Cooper	Garcia	Heir	Kahn
Bertram	Dauner	Girard	Henry	Kalis
Bettermann	Davids	Goodno	Hufnagle	Kelso
Bishop	Dawkins	Greenfield	Hugoson	Kinkel
Blatz	Dempsey	Gruenes	Janezich	Knickerbocker

Koppendrayer	Milbert	Osthoff	Scheid	Uphus
Krinkie	Morrison	Ostrom	Seaberg	Valento
Krueger	Munger	Ozment	Segal	Vellenga
Lasley	Murphy	Pauly	Simoneau	Wagenius
Leppik	Nelson, K.	Pellow	Skoglund	Waltman
Lieder	Nelson, S.	Pelowski	Smith	Weaver
Limmer	Newinski	Peterson	Solberg	Wejcman
Long	O'Connor	Pugh	Sparby	Welker
Lourey	Ogren	Reding	Stanius	Welle
Lynch	Olsen, S.	Rest	Steensma	Wenzel
Macklin	Olson, E.	Rice	Sviggum	Winter
Mariani	Olson, K.	Rodosovich	Swenson	Spk. Vanasek
Marsh	Omann	Rukavina	Thompson	
McEachern	Onnen	Runbeck	Tompkins	
McGuire	Orenstein	Sarna	Trimble	
McPherson	Orfield	Schafer	Tunheim	

The bill was passed and its title agreed to.

SPECIAL ORDERS

H. F. No. 977 was reported to the House.

Solberg moved that H. F. No. 977 be continued on Special Orders. The motion prevailed.

H. F. No. 739, A bill for an act relating to corporations; deleting consideration of the effect of insurance company takeovers on shareholders and creditors; limiting application of fair price provisions to domestic corporations; deleting nexus requirements for application of control share acquisition and business combination statutes; exempting employee stock ownership plans from takeover statutes; modifying limitations on corporate share purchases above market value; amending Minnesota Statutes 1990, sections 60D.02, subdivisions 1, 2, and 4; 60D.06; 60D.08, subdivisions 1 and 2; 60D.11; 60D.12, subdivision 2; 302A.011, subdivisions 38, 39, 49, and by adding subdivisions; and 302A.553, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 302A; repealing Minnesota Statutes 1990, sections 60D.02, subdivision 5; and 80B.06, 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:

Abrams	Bauerly	Bettermann	Boo	Clark
Anderson, I.	Beard	Bishop	Brown	Cooper
Anderson, R. H.	Begich	Blatz	Carlson	Dauner
Battaglia	Bertram	Bodahl	Carruthers	Davids

Dawkins	Janezich	Mariani	Ozment	Steensma
Dempsey	Jaros	Marsh	Pauly	Sviggum
Dille	Jefferson	McEachern	Pellow	Swenson
Dorn	Jennings	McGuire	Pelowski	Thompson
Erhardt	Johnson, A.	McPherson	Peterson	Tompkins
Farrell	Johnson, R.	Milbert	Pugh	Trimble
Frerichs	Johnson, V.	Morrison	Reding	Tunheim
Garcia	Kahn	Munger	Rest	Uphus
Girard	Kalis	Murphy	Rice	Valento
Goodno	Kelso	Nelson, K.	Rodosovich	Vellenga
Greenfield	Kinkel	Nelson, S.	Rukavina	Wagenius
Gruenes	Knickerbocker	Newinski	Runbeck	Waltman
Gutknecht	Koppendrayer	O'Connor	Sarna	Weaver
Hanson	Krinkie	Ogren	Schafer	Wejcman
Hartle	Krueger	Olsen, S.	Scheid	Welker
Hasskamp	Lasley	Olson, E.	Seaberg	Welle
Haukoos	Leppik	Olson, K.	Segal	Wenzel
Hausman	Lieder	Omann	Simoneau	Winter
Heir	Limmer	Onnen	Skoglund	Spk. Vanasek
Henry	Long	Orenstein	Smith	
Hufnagle	Lourey	Orfield	Solberg	
Hugoson	Lynch	Osthoff	Sparby	
Jacobs	Macklin	Ostrom	Stanius	

The bill was passed and its title agreed to.

H. F. No. 756 was reported to the House.

Rukavina moved that H. F. No. 756 be returned to General Orders. The motion prevailed.

The Speaker called Rodosovich to the Chair.

H. F. No. 921 was reported to the House.

Olsen, S., moved to amend H. F. No. 921, the first engrossment, as follows:

Page 1, line 17, delete "unavailable to vote" and insert "disqualified from voting"

The motion prevailed and the amendment was adopted.

H. F. No. 921, A bill for an act relating to education; permitting school district employees to be reimbursed for the costs of defending against criminal charges; amending Minnesota Statutes 1990, section 123.35, 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, I.	Garcia	Knickerbocker	Olson, E.	Smith
Anderson, R.	Girard	Koppendrayer	Olson, K.	Solberg
Anderson, R. H.	Goodno	Krinkie	Omann	Sparby
Battaglia	Greenfield	Krueger	Onnen	Stanius
Bauerly	Gruenes	Lasley	Orenstein	Steensma
Beard	Gutknecht	Leppik	Orfield	Sviggum
Begich	Hanson	Lieder	Osthoff	Swenson
Bertram	Hartle	Limmer	Ostrom	Thompson
Bettermann	Hasskamp	Long	Ozment	Tompkins
Blatz	Haukoos	Lourey	Pauly	Trimble
Bodahl	Hausman	Lynch	Pellow	Tunheim
Boo	Heir	Macklin	Pelowski	Uphus
Brown	Henry	Mariani	Peterson	Valento
Carlson	Hufnagle	Marsh	Pugh	Vellenga
Carruthers	Hugoson	McEachern	Reding	Wagenius
Clark	Jacobs	McGuire	Rest	Waltman
Cooper	Janezich	McPherson	Rice	Weaver
Dauner	Jaros	Milbert	Rodosovich	Wejcman
Davids	Jefferson	Morrison	Rukavina	Welker
Dawkins	Jennings	Munger	Runbeck	Welle
Dempsey	Johnson, A.	Murphy	Sarna	Wenzel
Dille	Johnson, R.	Nelson, K.	Schafer	Winter
Dorn	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	
Frederick	Kelso	Ogren	Simoneau	

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

H. F. No. 287 was reported to the House.

Nelson, K.; Morrison; Weaver and Kelso moved to amend H. F. No. 287, the second engrossment, as follows:

Page 3, after line 1, insert:

"Sec. 2. [171.3215] [CANCELLING A SCHOOL BUS DRIVER'S ENDORSEMENT FOR CRIMES AGAINST MINORS.]

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

(1) "School bus driver" means a person possessing a school bus driver's endorsement on a valid Minnesota driver's license or a person possessing a valid Minnesota driver's license who drives a vehicle with a seating capacity of ten or less persons used as a school bus.

(2) "Crime against a minor" means an act committed against a

minor victim that constitutes a violation of section 609.185, 609.19, 609.195, 609.20, 609.205, 609.21, subdivision 1, 609.221, 609.222, 609.223, 609.342, 609.343, 609.344, 609.345, 609.352, or a felony violation of section 609.322, 609.323, 609.324, or 609.377.

Subd. 2. [CANCELLATION.] The commissioner within 10 days of receiving notice under section 631.40, subdivision 1a, that a school bus driver has committed a crime against a minor shall permanently cancel the school bus driver's endorsement on the offender's driver's license. Upon cancelling the offender's school bus driver's endorsement, the department shall immediately notify the licensed offender of the cancellation in writing, by depositing in the United States post office a notice addressed to the licensed offender at the licensed offender's last known address, with postage prepaid thereon.

Subd. 3. [BACKGROUND CHECK.] Before issuing or renewing a driver's license with a school bus driver's endorsement, the department shall conduct an investigation to determine whether the applicant has been convicted of committing a crime against a minor. The department shall not issue a new bus driver's endorsement and shall not renew an existing bus driver's endorsement if the applicant has been convicted of committing a crime against a minor."

Page 4, after line 29, insert:

"Subd. 1a. When a person is convicted of committing a crime against a minor as defined in section 171.3215, subdivision 1, the court shall order that the presentence investigation include information about whether the offender is a school bus driver as defined in section 171.3215, subdivision 1, whether the offender possesses a school bus driver's endorsement on the offender's driver's license and in what school districts the offender drives a school bus. If the offender is a school bus driver or possesses a school bus driver's endorsement, the court administrator shall send a certified copy of the conviction to the department of public safety and to the school districts in which the offender drives a school bus."

Page 5, line 6, delete "4" and insert "5"

Renumber subsequent sections

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 287, A bill for an act relating to occupations; granting the attorney general's office access to certain private data; requiring cancellation of school bus driver's endorsement on a driver's license when driver has committed a crime against a minor; requiring background investigations on school bus drivers; requiring certain licensing boards to consider revoking the license or endorsement of

a licensee convicted of certain felonies involving a minor; exempting licensing of the board of teaching and the state board of education from certain requirements with respect to the rehabilitation of criminal offenders; amending Minnesota Statutes 1990, sections 125.09, subdivision 4; 214.10, by adding a subdivision; 364.09; and 631.40; proposing coding for new law in Minnesota Statutes, chapter 171.

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:

Abrams	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Smith
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Solberg
Battaglia	Goodno	Krinkie	Omann	Sparby
Bauerly	Greenfield	Krueger	Onnen	Stanius
Beard	Gruenes	Lasley	Orenstein	Steensma
Begich	Gutknecht	Leppik	Orfield	Sviggum
Bertram	Hanson	Lieder	Osthoff	Swenson
Bettermann	Hartle	Limmer	Ostrom	Thompson
Bishop	Hasskamp	Long	Ozment	Tompkins
Blatz	Haukoos	Lourey	Pauly	Trimble
Bodahl	Hausman	Lynch	Pellow	Tunheim
Boo	Heir	Macklin	Pelowski	Uphus
Brown	Henry	Mariani	Peterson	Valento
Carlson	Hufnagle	Marsh	Pugh	Vellenga
Carruthers	Hugoson	McEachern	Reding	Wagenius
Clark	Jacobs	McGuire	Rest	Waltman
Cooper	Janezich	McPherson	Rice	Weaver
Dauner	Jaros	Milbert	Rodosovich	Wejcman
Davids	Jefferson	Morrison	Rukavina	Welker
Dawkins	Jennings	Munger	Runbeck	Welle
Dempsey	Johnson, A.	Murphy	Sarna	Wenzel
Dille	Johnson, R.	Nelson, K.	Schafer	Winter
Dorn	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

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

H. F. No. 932, A bill for an act relating to corrections; extending female offender programs to include juveniles adjudicated delinquent; encouraging counties and agencies to develop and implement female offender programs; amending Minnesota Statutes 1990, sections 241.70; 241.71; 241.72; and 241.73.

The bill was read for 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:

Abrams	Frederick	Kelso	Ogren	Skoglund
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Smith
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Solberg
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Sparby
Battaglia	Goodno	Krinkie	Omann	Stanius
Bauerly	Greenfield	Krueger	Onnen	Steensma
Beard	Gruenes	Lasley	Orenstein	Sviggum
Begich	Gutknecht	Leppik	Orfield	Swenson
Bertram	Hanson	Lieder	Ostrom	Thompson
Bettermann	Hartle	Limmer	Ozment	Tompkins
Bishop	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Rodosovich	Wejcman
Dauner	Jaros	Milbert	Rukavina	Welker
Davids	Jefferson	Morrison	Runbeck	Welle
Dawkins	Jennings	Munger	Sarna	Wenzel
Dempsey	Johnson, A.	Murphy	Schafer	Winter
Dille	Johnson, R.	Nelson, K.	Scheid	Spk. Vanasek
Dorn	Johnson, V.	Nelson, S.	Seaberg	
Erhardt	Kahn	Newinski	Segal	
Farrell	Kalis	O'Connor	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 887, A bill for an act relating to game and fish; setting conditions under which a hunter may take two deer; amending Minnesota Statutes 1990, section 97B.301, 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 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Carruthers	Greenfield	Jennings	Lourey
Anderson, I.	Clark	Gruenes	Johnson, A.	Lynch
Anderson, R.	Cooper	Gutknecht	Johnson, R.	Macklin
Anderson, R. H.	Dauner	Hanson	Johnson, V.	Mariani
Battaglia	Davids	Hartle	Kalis	Marsh
Bauerly	Dawkins	Hasskamp	Kelso	McEachern
Beard	Dempsey	Haukoos	Kinkel	McGuire
Begich	Dille	Hausman	Knickerbocker	McPherson
Bertram	Dorn	Heir	Koppendrayer	Milbert
Bettermann	Erhardt	Henry	Krinkie	Morrison
Bishop	Farrell	Hufnagle	Krueger	Munger
Blatz	Frederick	Hugoson	Lasley	Murphy
Bodahl	Frerichs	Jacobs	Leppik	Nelson, S.
Boo	Garcia	Janezich	Lieder	Newinski
Brown	Girard	Jaros	Limmer	O'Connor
Carlson	Goodno	Jefferson	Long	Ogren

Olsen, S.	Pauly	Runbeck	Stanius	Vellenga
Olson, E.	Pellow	Sarna	Steensma	Wagenius
Olson, K.	Pelowski	Schafer	Sviggum	Waltman
Omann	Peterson	Scheid	Swenson	Weaver
Onnen	Pugh	Segal	Thompson	Wejcman
Orenstein	Reding	Simoneau	Tompkins	Welker
Orfield	Rest	Skoglund	Trimble	Welle
Osthoff	Rice	Smith	Tunheim	Wenzel
Ostrom	Rodosovich	Solberg	Uphus	Winter
Ozment	Rukavina	Sparby	Valento	Spk. Vanasek

Those who voted in the negative were:

Nelson, K.	Seaberg

The bill was passed and its title agreed to.

H. F. No. 877 was reported to the House.

Gruenes, Rukavina and Johnson, A., moved to amend H. F. No. 877, the first engrossment, as follows:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1990, section 97B.055, subdivision 3, is amended to read:

Subd. 3. [HUNTING FROM VEHICLE BY DISABLED HUNTERS.] The commissioner may issue a special permit, without a fee, to discharge a firearm or bow and arrow from a stationary motor vehicle to a licensed hunter that is physically unable to walk with or without crutches, braces, or other mechanical support. A person with a temporary disability may be issued an annual permit and a person with a permanent disability may be issued a permanent permit. A permanent permit authorizes the holder of a deer license to take deer of either sex."

Page 1, line 8, delete "Section 1" and insert "Sec. 2."

Amend the title as follows:

Page 1, line 2, after the semicolon insert "authorizing certain disabled permit holders to take deer of either sex;"

Page 1, line 5, after the semicolon insert "amending Minnesota Statutes 1990, section 97B.055, subdivision 3;"

The motion prevailed and the amendment was adopted.

H. F. No. 877, A bill for an act relating to game and fish; authorizing certain disabled permit holders to take deer of either sex; authorizing the commissioner to establish special seasons for persons with a physical disability to take game with firearms and by archery; amending Minnesota Statutes 1990, section 97B.055, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 97B.

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:

Abrams	Frerichs	Kinkel	Olsen, S.	Smith
Anderson, I.	Garcia	Knickerbocker	Olson, E.	Solberg
Anderson, R.	Girard	Koppendrayer	Olson, K.	Sparby
Anderson, R. H.	Goodno	Krinkie	Omann	Stanius
Battaglia	Greenfield	Krueger	Onnen	Steensma
Bauerly	Gruenes	Lasley	Orenstein	Sviggum
Beard	Gutknecht	Leppik	Orfield	Swenson
Begich	Hanson	Lieder	Osthoff	Thompson
Bertram	Hartle	Limmer	Ostrom	Tompkins
Bettermann	Hasskamp	Long	Ozment	Trimble
Bishop	Haukoos	Lourey	Pauly	Tunheim
Blatz	Hausman	Lynch	Pellow	Uphus
Bodahl	Heir	Macklin	Pelowski	Valento
Boo	Henry	Mariani	Peterson	Vellenga
Brown	Hufnagle	Marsh	Pugh	Wagenius
Carlson	Hugoson	McEachern	Reding	Waltman
Clark	Jacobs	McGuire	Rest	Weaver
Cooper	Janezich	McPherson	Rice	Wejcman
Dauner	Jaros	Milbert	Rodosovich	Welker
Davids	Jefferson	Morrison	Rukavina	Welle
Dawkins	Jennings	Munger	Runbeck	Wenzel
Dempsey	Johnson, A.	Murphy	Sarna	Winter
Dille	Johnson, R.	Nelson, K.	Schafer	Spk. Vanasek
Dorn	Johnson, V.	Nelson, S.	Scheid	
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	
Frederick	Kelso	Ogren	Simoneau	

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

H. F. No. 74, A bill for an act relating to municipal tort liability; specifying liability for injuries caused by beach and swimming pool equipment; amending Minnesota Statutes 1990, section 466.03, by adding a subdivision.

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

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, I.	Garcia	Knickerbocker	Olson, E.	Smith
Anderson, R.	Girard	Koppendrayer	Olson, K.	Solberg
Anderson, R. H.	Goodno	Krinkie	Omann	Sparby
Battaglia	Greenfield	Krueger	Onnen	Stanius
Bauerly	Gruenes	Lasley	Orenstein	Steensma
Beard	Gutknecht	Leppik	Orfield	Sviggum
Begich	Hanson	Lieder	Osthoff	Swenson
Bertram	Hartle	Limmer	Ostrom	Thompson
Bettermann	Hasskamp	Long	Ozment	Tompkins
Bishop	Haukoos	Lourey	Pauly	Trimble
Blatz	Hausman	Lynch	Pellow	Tunheim
Bodahl	Heir	Macklin	Pelowski	Uphus
Boo	Henry	Mariani	Peterson	Valento
Brown	Hufnagle	Marsh	Pugh	Vellenga
Carlson	Hugoson	McEachern	Reding	Wagenius
Carruthers	Jacobs	McGuire	Rest	Waltman
Clark	Janezich	McPherson	Rice	Weaver
Cooper	Jaros	Milbert	Rodosovich	Wejcman
Dauner	Jefferson	Morrison	Rukavina	Welker
Davids	Jennings	Munger	Runbeck	Welle
Dawkins	Johnson, A.	Murphy	Sarna	Wenzel
Dille	Johnson, R.	Nelson, K.	Schafer	Winter
Dorn	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	
Frederick	Kelso	Ogren	Simoneau	

Those who voted in the negative were:

Dempsey

The bill was passed and its title agreed to.

H. F. No. 870, A bill for an act relating to retirement; public employees retirement fund police and fire consolidation accounts; permitting survivors of account members killed in the line of duty to elect coverage; proposing coding for new law in Minnesota Statutes, chapter 353A.

The bill was read for 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:

Abrams	Bertram	Carruthers	Dorn	Greenfield
Anderson, I.	Bettermann	Clark	Erhardt	Gruenes
Anderson, R.	Bishop	Cooper	Farrell	Gutknecht
Anderson, R. H.	Blatz	Dauner	Frederick	Hanson
Battaglia	Bodahl	Davids	Frerichs	Hartle
Bauerly	Boo	Dawkins	Garcia	Hasskamp
Beard	Brown	Dempsey	Girard	Haukoos
Begich	Carlson	Dille	Goodno	Hausman

Heir	Krueger	O'Connor	Rest	Swenson
Henry	Lasley	Ogren	Rice	Thompson
Hufnagle	Leppik	Olsen, S.	Rodosovich	Tompkins
Hugoson	Lieder	Olson, E.	Rukavina	Trimble
Jacobs	Limmer	Olson, K.	Runbeck	Tunheim
Janezich	Lourey	Omann	Sarna	Uphus
Jaros	Lynch	Onnen	Schafer	Valento
Jefferson	Macklin	Orenstein	Scheid	Vellenga
Jennings	Mariani	Orfield	Seaberg	Wagenius
Johnson, A.	Marsh	Osthoff	Segal	Waltman
Johnson, R.	McEachern	Ostrom	Simoneau	Weaver
Johnson, V.	McGuire	Ozment	Skoglund	Wejcman
Kahn	McPherson	Pauly	Smith	Welker
Kelso	Milbert	Pellow	Solberg	Wenzel
Kinkel	Morrison	Pelowski	Sparby	Winter
Knickerbocker	Murphy	Peterson	Stanius	Spk. Vanasek
Koppendrayer	Nelson, K.	Pugh	Steensma	
Krinkie	Nelson, S.	Reding	Sviggum	

The bill was passed and its title agreed to.

H. F. No. 459 was reported to the House.

Macklin moved to amend H. F. No. 459, the first engrossment, as follows:

Page 2, lines 18 and 19, reinstate the old language

Page 2, lines 19 to 21, delete the new language

A roll call was requested and properly seconded.

The question was taken on the Macklin amendment and the roll was called. There were 66 yeas and 56 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Knickerbocker	Omann	Steensma
Bertram	Frerichs	Koppendrayer	Onnen	Sviggum
Bettermann	Girard	Krinkie	Orfield	Swenson
Bishop	Goodno	Leppik	Osthoff	Tompkins
Blatz	Gruenes	Limmer	Ozment	Uphus
Boo	Gutknecht	Lynch	Pauly	Valento
Carruthers	Hanson	Macklin	Pellow	Waltman
Cooper	Hartle	Marsh	Pelowski	Weaver
Dauner	Heir	McPherson	Peterson	Welker
Davids	Henry	Morrison	Runbeck	Wenzel
Dempsey	Hufnagle	Nelson, S.	Sarna	
Dille	Hugoson	Newinski	Schafer	
Dorn	Johnson, R.	Olsen, S.	Smith	
Erhardt	Johnson, V.	Olson, K.	Stanius	

Those who voted in the negative were:

Anderson, I.	Anderson, R. H.	Beard	Bodahl	Carlson
Anderson, R.	Battaglia	Begich	Brown	Clark

Dawkins	Jennings	Mariani	Rest	Trimble
Farrell	Kahn	McGuire	Rice	Tunheim
Garcia	Kalis	Munger	Rodosovich	Vellenga
Greenfield	Kelso	Murphy	Rukavina	Wagenius
Haukoos	Kinkel	Nelson, K.	Seaberg	Wejcman
Hausman	Krueger	O'Connor	Segal	Spk. Vanasek
Jacobs	Lasley	Ogren	Simoneau	
Janezich	Lieder	Ostrom	Skoglund	
Jaros	Long	Pugh	Solberg	
Jefferson	Lourey	Reding	Thompson	

The motion prevailed and the amendment was adopted.

Greenfield moved that H. F. No. 459, the first engrossment, as amended, be continued on Special Orders. The motion prevailed.

H. F. No. 526, A bill for an act relating to corporations; clarifying and modifying provisions governing divisions and combinations of shares and rights of shareholders; clarifying meeting notice requirements; authorizing electronic communications by shareholders; modifying access to corporate records; clarifying and modifying provisions governing mergers and dissolutions; amending Minnesota Statutes 1990, sections 302A.111, subdivision 2; 302A.139; 302A.401, subdivisions 3 and 4; 302A.405, subdivision 1; 302A.413, subdivision 3; 302A.435, subdivision 1; 302A.437, subdivision 1; 302A.449, subdivision 1, and by adding a subdivision; 302A.461, subdivisions 2, 4, and 4a; 302A.471, subdivision 1; 302A.551, subdivision 4; 302A.613, subdivision 2; 302A.621; 302A.651, subdivision 1; 302A.701; 302A.723, subdivision 3; 302A.725, subdivision 1; 302A.727; and 302A.781; proposing coding for new law in Minnesota Statutes, chapter 302A; repealing Minnesota Statutes 1990, sections 302A.729; 302A.730; and 302A.733.

The bill was read for 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 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Brown	Frerichs	Hufnagle	Knickerbocker
Anderson, I.	Carlson	Garcia	Hugoson	Koppendrayer
Anderson, R.	Carruthers	Girard	Jacobs	Krinkie
Anderson, R. H.	Clark	Goodno	Janezich	Krueger
Battaglia	Cooper	Greenfield	Jaros	Lasley
Bauerly	Dauner	Gruenes	Jefferson	Leppik
Beard	Davids	Gutknecht	Jennings	Lieder
Begich	Dawkins	Hanson	Johnson, A.	Limmer
Bertram	Dempsey	Hartle	Johnson, R.	Long
Bettermann	Dille	Hasskamp	Johnson, V.	Lourey
Bishop	Dorn	Haukoos	Kahn	Lynch
Blatz	Erhardt	Hausman	Kalis	Macklin
Bodahl	Farrell	Heir	Kelso	Mariani
Boo	Frederick	Henry	Kinkel	Marsh

McEachern	Olson, E.	Reding	Smith	Vellenga
McGuire	Omann	Rest	Solberg	Wagenius
McPherson	Onnen	Rice	Sparby	Waltman
Milbert	Orenstein	Rodosovich	Stanius	Weaver
Morrison	Orfield	Rukavina	Steensma	Wejcman
Munger	Osthoff	Runbeck	Sviggum	Welker
Murphy	Ostrom	Sarna	Swenson	Welle
Nelson, K.	Ozment	Schafer	Thompson	Wenzel
Nelson, S.	Pauly	Scheid	Tompkins	Winter
Newinski	Pellow	Seaberg	Trimble	Spk. Vanasek
O'Connor	Pelowski	Segal	Tunheim	
Ogren	Peterson	Simoneau	Uphus	
Olsen, S.	Pugh	Skoglund	Valento	

Those who voted in the negative were:

Olson, K.

The bill was passed and its title agreed to.

H. F. No. 244 was reported to the House.

Vellenga moved to amend H. F. No. 244, the second engrossment, as follows:

Page 8, line 7, delete "the" and insert "a motor"

Page 8, line 9, after "bus" insert "in a motor vehicle"

Page 8, line 11, after "bus" insert "in a motor vehicle"

The motion prevailed and the amendment was adopted.

H. F. No. 244, A bill for an act relating to traffic regulations; regulating traffic safety concerning school buses and the safety of school children; providing penalties; amending Minnesota Statutes 1990, sections 169.01, subdivision 6; 169.45; 169.451; 171.07, by adding a subdivision; 171.17; and 171.18; proposing coding for new law in Minnesota Statutes, chapter 169; repealing Minnesota Statutes 1990, sections 169.44; and 169.64, subdivision 7.

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:

Abrams	Anderson, R.	Battaglia	Beard	Bertram
Anderson, I.	Anderson, R. H.	Bauerly	Begich	Bettermann

Bishop	Hanson	Lieder	Orenstein	Sparby
Blatz	Hartle	Limmer	Orfield	Stanius
Bodahl	Hasskamp	Long	Osthoff	Steensma
Boo	Haukoos	Lourey	Ostrom	Sviggum
Brown	Hausman	Lynch	Ozment	Swenson
Carlson	Heir	Macklin	Pauly	Thompson
Carruthers	Henry	Mariani	Pellow	Tompkins
Clark	Hufnagle	Marsh	Pelowski	Trimble
Cooper	Hugoson	McEachern	Peterson	Tunheim
Dauner	Jacobs	McGuire	Pugh	Uphus
Davids	Janezich	McPherson	Reding	Valento
Dawkins	Jaros	Milbert	Rest	Vellenga
Dempsey	Jefferson	Morrison	Rice	Wagenius
Dille	Jennings	Munger	Rodosovich	Waltman
Dorn	Johnson, A.	Murphy	Rukavina	Weaver
Erhardt	Johnson, V.	Nelson, K.	Runbeck	Wejcman
Farrell	Kahn	Nelson, S.	Sarna	Welker
Frederick	Kalis	Newinski	Schafer	Welle
Frerichs	Kelso	O'Connor	Scheid	Wenzel
Garcia	Kinkel	Ogren	Seaberg	Winter
Girard	Koppendrayer	Olsen, S.	Segal	Spk. Vanasek
Goodno	Krinkie	Olson, E.	Simoneau	
Greenfield	Krueger	Olson, K.	Skoglund	
Gruenes	Lasley	Omann	Smith	
Gutknecht	Leppik	Onnen	Solberg	

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

H. F. No. 592 was reported to the House.

Brown moved that H. F. No. 592 be continued on Special Orders. The motion prevailed.

H. F. No. 414, A bill for an act relating to peace officers; requiring reports on the discharge of firearms by peace officers to be sent to the board of peace officer standards and training; requiring law enforcement agencies to adopt written policies governing the use of deadly force; requiring initial and continuing peace officer training on deadly force and the use of firearms; amending Minnesota Statutes 1990, section 626.553, subdivision 2; 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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Begich	Brown	Dawkins	Frerichs
Anderson, I.	Bertram	Carlson	Dempsey	Garcia
Anderson, R.	Bettermann	Carruthers	Dille	Girard
Anderson, R. H.	Bishop	Clark	Dorn	Goodno
Battaglia	Blatz	Cooper	Erhardt	Greenfield
Bauerly	Bodahl	Dauner	Farrell	Gruenes
Beard	Boo	Davids	Frederick	Gutknecht

Hanson	Kinkel	Munger	Peterson	Sviggum
Hartle	Knickerbocker	Murphy	Pugh	Swenson
Hasskamp	Koppendrayer	Nelson, K.	Reding	Thompson
Haukoos	Krinkie	Nelson, S.	Rest	Tompkins
Hausman	Krueger	Newinski	Rice	Trimble
Heir	Lasley	O'Connor	Rodosovich	Tunheim
Henry	Leppik	Ogren	Rukavina	Uphus
Hufnagle	Lieder	Olsen, S.	Runbeck	Valento
Hugoson	Limmer	Olson, E.	Sarna	Vellenga
Jacobs	Long	Olson, K.	Schafer	Wagenius
Janezich	Lourey	Omann	Scheid	Waltman
Jaros	Lynch	Onnen	Seaberg	Weaver
Jefferson	Macklin	Orenstein	Segal	Wejcman
Jennings	Mariani	Orfield	Simoneau	Welker
Johnson, A.	Marsh	Osthoff	Skoglund	Welle
Johnson, R.	McEachern	Ostrom	Smith	Wenzel
Johnson, V.	McGuire	Ozment	Solberg	Winter
Kahn	McPherson	Pauly	Sparby	Spk. Vanasek
Kalis	Milbert	Pellow	Stanius	
Kelso	Morrison	Pelowski	Steensma	

The bill was passed and its title agreed to.

H. F. No. 584, A bill for an act relating to local government; authorizing municipalities to enter into joint ventures with telecommunications organizations; amending Minnesota Statutes 1990, section 237.19.

The bill was read for 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 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Erhardt	Kahn	Nelson, K.	Schafer
Anderson, I.	Farrell	Kalis	Nelson, S.	Scheid
Anderson, R.	Frederick	Kelso	Newinski	Seaberg
Anderson, R. H.	Frerichs	Kinkel	O'Connor	Simoneau
Battaglia	Girard	Knickerbocker	Ogren	Skoglund
Bauerly	Goodno	Koppendrayer	Olsen, S.	Smith
Beard	Greenfield	Krinkie	Olson, E.	Solberg
Begich	Gruenes	Krueger	Olson, K.	Sparby
Bertram	Gutknecht	Lasley	Omann	Stanius
Bettermann	Hanson	Leppik	Onnen	Steensma
Bishop	Hartle	Lieder	Orenstein	Sviggum
Blatz	Hasskamp	Limmer	Orfield	Swenson
Bodahl	Haukoos	Long	Ostrom	Thompson
Boo	Hausman	Lourey	Ozment	Tompkins
Brown	Heir	Lynch	Pauly	Trimble
Carlson	Henry	Macklin	Pellow	Tunheim
Carruthers	Hufnagle	Mariani	Pelowski	Uphus
Clark	Hugoson	Marsh	Peterson	Valento
Cooper	Jacobs	McEachern	Pugh	Vellenga
Dauner	Janezich	McGuire	Reding	Wagenius
Davids	Jefferson	McPherson	Rest	Waltman
Dawkins	Jennings	Milbert	Rice	Weaver
Dempsey	Johnson, A.	Morrison	Rodosovich	Wejcman
Dille	Johnson, R.	Munger	Runbeck	Welker
Dorn	Johnson, V.	Murphy	Sarna	Welle

Wenzel	Winter	Spk. Vanasek

Those who voted in the negative were:

Osthoff

The bill was passed and its title agreed to.

H. F. No. 806, A bill for an act relating to retirement; St. Paul teachers retirement fund association; special postretirement adjustment for certain pre-1978 retirees.

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

The question was taken on the passage of the bill and the roll was called. There were 118 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Abrams	Goodno	Krinkie	Olsen, S.	Simoneau
Anderson, I.	Greenfield	Krueger	Olson, E.	Skoglund
Anderson, R.	Gruenes	Lasley	Olson, K.	Smith
Anderson, R. H.	Gutknecht	Leppik	Omann	Solberg
Battaglia	Hanson	Lieder	Onnen	Sparby
Bauerly	Hartle	Limmer	Orenstein	Stanius
Beard	Hasskamp	Long	Orfield	Steensma
Begich	Hausman	Lourey	Osthoff	Swenson
Bertram	Heir	Lynch	Ostrom	Thompson
Blatz	Henry	Macklin	Ozment	Tompkins
Bodahl	Hugoson	Mariani	Pauly	Trimble
Boo	Jacobs	Marsh	Pellow	Tunheim
Brown	Janezich	McEachern	Pelowski	Uphus
Carlson	Jaros	McGuire	Peterson	Valento
Carruthers	Jefferson	McPherson	Pugh	Vellenga
Clark	Jennings	Milbert	Reding	Wagenius
Cooper	Johnson, A.	Morrison	Rest	Weaver
Davids	Johnson, R.	Munger	Rice	Wejcman
Dawkins	Kahn	Murphy	Rodosovich	Welle
Dorn	Kalis	Nelson, K.	Rukavina	Wenzel
Erhardt	Kelso	Nelson, S.	Runbeck	Winter
Farrell	Kinkel	Newinski	Sarna	Spk. Vanasek
Frederick	Knickerbocker	O'Connor	Scheid	
Garcia	Koppendrayer	Ogren	Seaberg	

Those who voted in the negative were:

Bettermann	Dille	Haukoos	Schafer	Welker
Dauner	Frerichs	Hufnagle	Sviggum	
Dempsey	Girard	Johnson, V.	Waltman	

The bill was passed and its title agreed to.

H. F. No. 832, A bill for an act relating to commerce; regulating heavy and utility equipment dealership agreements; providing for

returns and repurchases under certain circumstances; providing remedies; amending Minnesota Statutes 1990, section 325E.0681, 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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Smith
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Solberg
Battaglia	Goodno	Krinkie	Omann	Sparby
Bauerly	Greenfield	Krueger	Onnen	Stanius
Beard	Gruenes	Lasley	Orenstein	Steensma
Begich	Gutknecht	Leppik	Orfield	Sviggum
Bertram	Hanson	Lieder	Osthoff	Swenson
Bettermann	Hartle	Limmer	Ostrom	Thompson
Bishop	Hasskamp	Long	Ozment	Tompkins
Blatz	Haukoos	Lourey	Pauly	Trimble
Bodahl	Hausman	Lynch	Pellow	Tunheim
Boo	Heir	Macklin	Pelowski	Uphus
Brown	Henry	Mariani	Peterson	Valento
Carlson	Hufnagle	Marsh	Pugh	Vellenga
Carruthers	Hugoson	McEachern	Reding	Wagenius
Clark	Jacobs	McGuire	Rest	Waltman
Cooper	Janezich	McPherson	Rice	Weaver
Dauner	Jaros	Milbert	Rodosovich	Wejcman
Davids	Jefferson	Morrison	Rukavina	Welker
Dawkins	Jennings	Munger	Runbeck	Welle
Dempsey	Johnson, A.	Murphy	Sarna	Wenzel
Dille	Johnson, R.	Nelson, K.	Schafer	Winter
Dorn	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

The bill was passed and its title agreed to.

H. F. No. 825, A bill for an act relating to traffic regulations; amending the implied consent law advisory; simplifying the contents of a petition for judicial review under the implied consent law; amending Minnesota Statutes 1990, section 169.123, subdivisions 2 and 5c.

The bill was read for 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:

Abrams	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Smith
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Solberg
Battaglia	Goodno	Krinkie	Omann	Sparby
Bauerly	Greenfield	Krueger	Onnen	Stanius
Beard	Gruenes	Lasley	Orenstein	Steensma
Begich	Gutknecht	Leppik	Orfield	Sviggum
Bertram	Hanson	Lieder	Osthoff	Swenson
Bettermann	Hartle	Limmer	Ostrom	Thompson
Bishop	Hasskamp	Long	Ozment	Tompkins
Blatz	Haukoos	Lourey	Pauly	Trimble
Bodahl	Hausman	Lynch	Pellow	Tunheim
Boo	Heir	Macklin	Pelowski	Uphus
Brown	Henry	Mariani	Peterson	Valento
Carlson	Hufnagle	Marsh	Pugh	Vellenga
Carruthers	Hugoson	McEachern	Reding	Wagenius
Clark	Jacobs	McGuire	Rest	Waltman
Cooper	Janezich	McPherson	Rice	Weaver
Dauner	Jaros	Milbert	Rodosovich	Wejcman
Davids	Jefferson	Morrison	Rukavina	Welker
Dawkins	Jennings	Munger	Runbeck	Welle
Dempsey	Johnson, A.	Murphy	Sarna	Wenzel
Dille	Johnson, R.	Nelson, K.	Schafer	Winter
Dorn	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

The bill was passed and its title agreed to.

There being no objection, H. F. No. 459, as amended, which was continued earlier today was again reported to the House.

Dawkins and Greenfield moved to amend H. F. No. 459, the first engrossment, as amended, as follows:

Page 2, line 8, after the period insert "YOU MAY NOT HAVE TO PAY THE FILING FEE FOR THE DEMAND IF DETERMINED YOU ARE UNABLE TO AFFORD THE FEE."

Page 2, line 19, before the period insert "unless the petitioner has the right to sue in forma pauperis under section 563.01"

The motion prevailed and the amendment was adopted.

H. F. No. 459, A bill for an act relating to crimes; providing that a claimant in a forfeiture proceeding does not have to pay a filing fee; providing for appointment of qualified interpreters in forfeiture proceedings; amending Minnesota Statutes 1990, sections 609.5314, subdivisions 2 and 3; 611.31; and 611.32.

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:

Abrams	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, I.	Garcia	Knickerbocker	Olson, E.	Smith
Anderson, R.	Girard	Koppendrayer	Olson, K.	Solberg
Anderson, R. H.	Goodno	Krinkie	Omann	Sparby
Battaglia	Greenfield	Krueger	Onnen	Stanius
Bauerly	Gruenes	Lasley	Orenstein	Steensma
Beard	Gutknecht	Leppik	Orfield	Sviggum
Begich	Hanson	Lieder	Osthoff	Swenson
Bertram	Hartle	Limmer	Ostrom	Thompson
Bettermann	Hasskamp	Long	Ozment	Tompkins
Bishop	Haukoos	Lourey	Pauly	Trimble
Blatz	Hausman	Lynch	Pellow	Tunheim
Bodahl	Heir	Macklin	Pelowski	Uphus
Boo	Henry	Mariani	Peterson	Valento
Brown	Hufnagle	Marsh	Pugh	Vellenga
Carlson	Hugoson	McEachern	Reding	Wagenius
Carruthers	Jacobs	McGuire	Rest	Waltman
Clark	Janezich	McPherson	Rice	Weaver
Cooper	Jaros	Milbert	Rodosovich	Wejcman
Dauner	Jefferson	Morrison	Rukavina	Welker
Davids	Jennings	Munger	Runbeck	Welle
Dawkins	Johnson, A.	Murphy	Sarna	Wenzel
Dempsey	Johnson, R.	Nelson, K.	Schafer	Winter
Dille	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Dorn	Kahn	Newinski	Seaberg	
Erhardt	Kalis	O'Connor	Segal	
Farrell	Kelso	Ogren	Simoneau	

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

H. F. No. 1070, A bill for an act relating to agricultural finance; changing certain provisions of the rural finance authority's beginning farmer program; amending Minnesota Statutes 1990, sections 41.55; 41.57, subdivision 3; 41B.03, subdivision 3; 41B.036; and 41B.039, 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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Blatz	Dawkins	Goodno	Henry
Anderson, I.	Bodahl	Dempsey	Greenfield	Hufnagle
Anderson, R.	Boo	Dille	Gruenes	Hugoson
Anderson, R. H.	Brown	Dorn	Gutknecht	Jacobs
Battaglia	Carlson	Erhardt	Hanson	Janezich
Bauerly	Carruthers	Farrell	Hartle	Jaros
Beard	Clark	Frederick	Hasskamp	Jefferson
Bertram	Cooper	Frerichs	Haukoos	Jennings
Bettermann	Dauner	Garcia	Hausman	Johnson, A.
Bishop	Davids	Girard	Heir	Johnson, R.

Johnson, V.	Mariani	Onnen	Sarna	Tunheim
Kahn	Marsh	Orenstein	Schafer	Uphus
Kalis	McEachern	Orfield	Scheid	Valento
Kelso	McGuire	Osthoff	Seaberg	Vellenga
Kinkel	McPherson	Ostrom	Segal	Wagenius
Knickerbocker	Milbert	Ozment	Simoneau	Waltman
Koppendrayer	Morrison	Pauly	Skoglund	Weaver
Krinkie	Munger	Pellow	Smith	Wejcman
Krueger	Murphy	Pelowski	Solberg	Welker
Lasley	Nelson, S.	Peterson	Sparby	Welle
Leppik	Newinski	Pugh	Stanius	Wenzel
Lieder	O'Connor	Reding	Steensma	Winter
Limmer	Ogren	Rest	Sviggum	Spk. Vanasek
Long	Olsen, S.	Rice	Swenson	
Lourey	Olson, E.	Rodosovich	Thompson	
Lynch	Olson, K.	Rukavina	Tompkins	
Macklin	Omann	Runbeck	Trimble	

The bill was passed and its title agreed to.

H. F. No. 744 was reported to the House.

Sparby moved to amend H. F. No. 744, the first engrossment, as follows:

Page 2, line 7, delete "shall" and insert "may" and delete "training" and insert "certification"

Page 2, line 8, delete "and contractors"

Page 4, lines 18 and 19, reinstate the stricken language

The motion prevailed and the amendment was adopted.

Welker, Cooper and Peterson offered an amendment to H. F. No. 744, the first engrossment, as amended.

POINT OF ORDER

Skoglund raised a point of order pursuant to rule 3.09 that the Welker et al amendment was not in order. Speaker pro tempore Rodosovich ruled the point of order well taken and the amendment out of order.

H. F. No. 744, A bill for an act relating to the environment; petrofund; amending Minnesota Statutes 1990, sections 115C.07, subdivision 3; 115C.09, subdivisions 1, 2, 3, 3b, 5, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 103I.

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:

Abrams	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, I.	Garcia	Knickerbocker	Olson, E.	Smith
Anderson, R.	Girard	Koppendrayer	Olson, K.	Solberg
Anderson, R. H.	Goodno	Krinkie	Omann	Sparby
Battaglia	Greenfield	Krueger	Onnen	Stanius
Bauerly	Gruenes	Lasley	Orenstein	Steensma
Beard	Gutknecht	Leppik	Orfield	Sviggum
Begich	Hanson	Lieder	Osthoff	Swenson
Bertram	Hartle	Limmer	Ostrom	Thompson
Bettermann	Hasskamp	Long	Ozment	Tompkins
Bishop	Haukoos	Lourey	Pauly	Trimble
Blatz	Hausman	Lynch	Pellow	Tunheim
Bodahl	Heir	Macklin	Pelowski	Uphus
Boo	Henry	Mariani	Peterson	Valento
Brown	Hufnagle	Marsh	Pugh	Vellenga
Carlson	Hugoson	McEachern	Reding	Wagenius
Carruthers	Jacobs	McGuire	Rest	Waltman
Clark	Janezich	McPherson	Rice	Weaver
Cooper	Jaros	Milbert	Rodosovich	Wejcman
Dauner	Jefferson	Morrison	Rukavina	Welker
Davids	Jennings	Munger	Runbeck	Welle
Dawkins	Johnson, A.	Murphy	Sarna	Wenzel
Dempsey	Johnson, R.	Nelson, K.	Schafer	Winter
Dille	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Dorn	Kahn	Newinski	Seaberg	
Erhardt	Kalis	O'Connor	Segal	
Farrell	Kelso	Ogren	Simoneau	

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

H. F. No. 181, A bill for an act relating to the environment; adding reimbursement requirements for the petroleum tank release cleanup account; providing for insurance subrogation rights; amending Minnesota Statutes 1990, sections 115C.04, subdivision 3; 115C.09, subdivision 3; and 115C.10, 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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Bishop	Carlson	Davids
Anderson, I.	Beard	Blatz	Carruthers	Dawkins
Anderson, R.	Begich	Bodahl	Clark	Dempsey
Anderson, R. H.	Bertram	Boo	Cooper	Dille
Battaglia	Bettermann	Brown	Dauner	Dorn

Erhardt	Jefferson	Marsh	Ozment	Stanius
Farrell	Jennings	McEachern	Pauly	Steensma
Frederick	Johnson, A.	McGuire	Pellow	Sviggum
Frerichs	Johnson, R.	McPherson	Pelowski	Swenson
Garcia	Johnson, V.	Milbert	Peterson	Thompson
Girard	Kahn	Morrison	Pugh	Tompkins
Goodno	Kalis	Munger	Reding	Trimble
Greenfield	Kelso	Murphy	Rest	Tunheim
Gruenes	Kinkel	Nelson, K.	Rice	Uphus
Gutknecht	Knickerbocker	Nelson, S.	Rodosovich	Valento
Hanson	Koppendrayer	Newinski	Rukavina	Vellenga
Hartle	Krinkie	O'Connor	Runbeck	Wagenius
Hasskamp	Krueger	Ogren	Sarna	Waltman
Haukoos	Lasley	Olsen, S.	Schafer	Weaver
Hausman	Leppik	Olson, E.	Scheid	Wejcman
Heir	Lieder	Olson, K.	Seaberg	Welker
Henry	Limmer	Omann	Segal	Welle
Hufnagle	Long	Onnen	Simoneau	Wenzel
Hugoson	Lourey	Orenstein	Skoglund	Winter
Jacobs	Lynch	Orfield	Smith	Spk. Vanasek
Janezich	Macklin	Osthoff	Solberg	
Jaros	Mariani	Ostrom	Sparby	

The bill was passed and its title agreed to.

H. F. No. 683 was reported to the House.

Jacobs moved to amend H. F. No. 683, the first engrossment, as follows:

Page 4, line 2, strike "or"

Page 4, line 3, after "repute" strike the period and insert "; or"

Page 4, after line 3, insert:

"(5) a person who has a direct or indirect interest in a manufacturer, brewer, or wholesaler."

Page 4, line 10, delete "; or"

Page 4, delete line 11

Page 4, line 12, delete everything before the period

Page 14, line 3, delete everything after the period

Page 14, delete line 4

Page 14, line 5, delete everything through the period

Page 15, delete section 24 and renumber the remaining sections

Page 17, line 5, delete "27" and insert "26" and delete "25" and insert "24"

Page 17, line 7, delete "26" and insert "25"

Amend the title as follows:

Page 1, line 6, delete everything after the semicolon

Page 1, delete line 7

Page 1, line 8, delete "only;"

Page 1, line 41, delete everything after the semicolon

Page 1, delete line 42

Page 1, line 43, delete "beverages;"

The motion prevailed and the amendment was adopted.

Jacobs moved to amend H. F. No. 683, the first engrossment, as amended, as follows:

Page 6, line 12, after "issue a" insert "new"

The motion prevailed and the amendment was adopted.

H. F. No. 683, A bill for an act relating to alcoholic beverages; prohibiting a retailer from having an interest in a manufacturer, brewer, or wholesaler; prohibiting a retailer from renting space to a manufacturer, brewer, or wholesaler; providing that brand registration is for a three-year period; specifying that club on-sale licenses are subject to approval of the commissioner of public safety; consolidating provisions of law relating to seasonal on-sale licenses; providing extended duration of seasonal licenses in certain counties; removing certain restrictions on location of off-sale and combination licenses issued by counties; clarifying law on issuance of off-sale licenses by counties; allowing gambling on licensed premises when governed by tribal ordinance or a tribal-state compact; clarifying language on certain prohibitions on issuance of multiple licenses and repealing obsolete provisions relating thereto; prohibiting off-site storage of intoxicating liquor; specifying applicability of license limits to certain fourth-class cities; changing the expiration date for consumption and display permits; raising the minimum age for keeping intoxicating liquor in bottle clubs; authorizing commissioner of public safety to impose civil penalties for conducting or permitting unlawful gambling on licensed premises, or for failure to remove impure products; specifying applicability to municipal liquor stores of prohibitions against permitting consumption of alcoholic beverages by underage persons; clarifying language on sales of intoxicating liquor on Christmas day; providing for Sunday liquor elections in counties; prohibiting sale of certain beverages of more than 50 percent alcohol content; authorizing commissioner of public safety to inspect alcoholic beverages for purity of contents and to order the removal of impure products; specifying that a split liquor referendum is not required for issuance of club licenses; repealing restrictions on wine sales at Minneapolis-St. Paul International

Airport; authorizing issuance of an on-sale intoxicating malt liquor license in St. Louis county; authorizing the issuance of an on-sale intoxicating liquor license to a location in Duluth; amending Minnesota Statutes 1990, sections 340A.301, subdivision 7; 340A.311; 340A.402; 340A.404, subdivisions 1 and 6; 340A.405, subdivisions 2 and 6; 340A.408, subdivision 2; 340A.410, subdivision 5; 340A.412, subdivisions 2, 3, and by adding a subdivision; 340A.413, subdivision 1; 340A.414, subdivisions 4 and 8; 340A.415; 340A.503, subdivision 1; 340A.504, subdivisions 2 and 3; 340A.506; 340A.508, by adding a subdivision; 340A.601, subdivision 5; and 340A.604; proposing coding for new law in Minnesota Statutes, chapter 340A; repealing Minnesota Statutes 1990, section 340A.404, subdivision 6a.

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 113 yeas and 17 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Knickerbocker	Ogren	Simoneau
Anderson, I.	Garcia	Koppendrayer	Olsen, S.	Smith
Anderson, R.	Girard	Krinkie	Olson, E.	Solberg
Anderson, R. H.	Goodno	Krueger	Olson, K.	Sparby
Bauerly	Greenfield	Lasley	Omann	Stanius
Beard	Gruenes	Leppik	Orenstein	Sviggum
Bertram	Hartle	Lieder	Osthoff	Swenson
Bettermann	Hasskamp	Limmer	Ostrom	Thompson
Bishop	Haukoos	Long	Ozment	Tompkins
Blatz	Hausman	Lourey	Pauly	Trimble
Bodahl	Heir	Lynch	Pellow	Tunheim
Boo	Henry	Macklin	Pelowski	Uphus
Carlson	Hufnagle	Mariani	Peterson	Valento
Carruthers	Jacobs	Marsh	Pugh	Vellenga
Clark	Janezich	McGuire	Reding	Waltman
Cooper	Jaros	McPherson	Rest	Weaver
Dauner	Jefferson	Milbert	Rodosovich	Welker
Davids	Jennings	Morrison	Rukavina	Welle
Dawkins	Johnson, A.	Murphy	Runbeck	Wenzel
Dempsey	Johnson, V.	Nelson, K.	Sarna	Winter
Erhardt	Kahn	Nelson, S.	Schafer	Spk. Vanasek
Farrell	Kelso	Newinski	Scheid	
Frederick	Kinkel	O'Connor	Segal	

Those who voted in the negative were:

Brown	Hanson	McEachern	Rice	Wejcman
Dille	Hugoson	Munger	Skoglund	
Dorn	Johnson, R.	Onnen	Steensma	
Gutknecht	Kalis	Orfield	Wagenius	

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

H. F. No. 875, A bill for an act relating to insurance; rental

vehicles; increasing property damage liability coverage; amending Minnesota Statutes 1990, section 65B.49, subdivision 5a.

The bill was read for 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 6 nays as follows:

Those who voted in the affirmative were:

Abrams	Farrell	Kalis	O'Connor	Skoglund
Anderson, I.	Frederick	Kelso	Ogren	Smith
Anderson, R.	Frerichs	Kinkel	Olsen, S.	Solberg
Anderson, R. H.	Garcia	Knickerbocker	Olson, E.	Sparby
Battaglia	Goodno	Koppendrayer	Olson, K.	Steensma
Bauerly	Greenfield	Krinkie	Omann	Sviggum
Beard	Gruenes	Krueger	Orenstein	Swenson
Begich	Gutknecht	Lasley	Orfield	Thompson
Bertram	Hanson	Lieder	Osthoff	Tompkins
Bettermann	Hartle	Limmer	Ostrom	Trimble
Bishop	Hasskamp	Long	Ozment	Tunheim
Blatz	Haukoos	Lourey	Pauly	Uphus
Bodahl	Hausman	Lynch	Pelowski	Valento
Boo	Heir	Macklin	Peterson	Vellenga
Brown	Henry	Mariani	Pugh	Wagenius
Carlson	Hufnagle	Marsh	Reding	Waltman
Carruthers	Hugoson	McEachern	Rest	Weaver
Clark	Jacobs	McGuire	Rice	Wejcman
Cooper	Janezich	McPherson	Rodosovich	Welle
Dauner	Jaros	Milbert	Rukavina	Wenzel
Davids	Jefferson	Morrison	Runbeck	Winter
Dawkins	Jennings	Munger	Schafer	Spk. Vanasek
Dempsey	Johnson, A.	Murphy	Scheid	
Dille	Johnson, R.	Nelson, K.	Seaberg	
Dorn	Johnson, V.	Nelson, S.	Segal	
Erhardt	Kahn	Newinski	Simoneau	

Those who voted in the negative were:

Girard	Onnen	Stanius
Leppik	Pellow	Welker

The bill was passed and its title agreed to.

The Speaker resumed the Chair.

GENERAL ORDERS

Long moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

McGuire moved that the names of Trimble and Waltman be added as authors on H. F. No. 767. The motion prevailed.

Bertram moved that the name of Marsh be added as an author on H. F. No. 1150. The motion prevailed.

Winter moved that his name be stricken as an author on H. F. No. 1540. The motion prevailed.

Jaros moved that the name of Haukoos be added as an author on H. F. No. 1597. The motion prevailed.

Runbeck moved that the name of Morrison be added as second author on H. F. No. 1618. The motion prevailed.

Valento moved that the name of Kalis be added as an author on H. F. No. 1627. The motion prevailed.

Kahn moved that H. F. No. 1542 be recalled from the Committee on Transportation and be re-referred to the Committee on Environment and Natural Resources. The motion prevailed.

Segal moved that H. F. No. 1099 be recalled from the Committee on Health and Human Services and be re-referred to the Committee on Judiciary. The motion prevailed.

SUSPENSION OF RULES

Lasley moved that the rules be so far suspended that S. F. No. 437 be recalled from the Committee on Appropriations, be given its second reading and be advanced to General Orders. The motion prevailed.

S. F. No. 437 was read for the second time.

ADJOURNMENT

Long moved that when the House adjourns today it adjourn until 2:30 p.m., Monday, April 22, 1991. The motion prevailed.

Long moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Monday, April 22, 1991.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1991

THIRTY-SIXTH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 22, 1991

The House of Representatives convened at 2:30 p.m. and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by the Reverend Michael Hibbs, First Presbyterian Church, Windom, Minnesota.

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

The roll was called and the following members were present:

Abrams	Frederick	Kelso	Ogren	Segal
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Skoglund
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Smith
Battaglia	Goodno	Krinkie	Omann	Solberg
Bauerly	Greenfield	Krueger	Onnen	Sparby
Beard	Gruenes	Lasley	Orenstein	Stanius
Begich	Gutknecht	Leppik	Orfield	Steensma
Bertram	Hanson	Lieder	Osthoff	Sviggum
Bettermann	Hartle	Limmer	Ostrom	Swenson
Bishop	Hasskamp	Long	Ozment	Thompson
Blatz	Haukoos	Lourey	Pauly	Tompkins
Bodahl	Hausman	Lynch	Pellow	Trimble
Boo	Heir	Macklin	Pelowski	Tunheim
Brown	Henry	Mariani	Peterson	Uphus
Carlson	Hufnagle	Marsh	Pugh	Valento
Carruthers	Hugoson	McEachern	Reding	Vellenga
Clark	Jacobs	McGuire	Rest	Wagenius
Cooper	Janezich	McPherson	Rice	Waltman
Dauner	Jaros	Milbert	Rodosovich	Weaver
Davids	Jefferson	Morrison	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek
Farrell	Kalis	O'Connor	Seaberg	

A quorum was present.

The Chief Clerk proceeded to read the Journal of the preceding

day. Winter 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.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 11, 1991

The Honorable Robert E. Vanasek
Speaker of the House of Representatives
The State of Minnesota

Dear Representative Vanasek:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 325, memorializing the President and Congress to increase funding for the low-income home energy assistance program and to maintain its operation in Minnesota.

H. F. No. 646, relating to state government; purchases; amending the definition of "manufactured in the United States."

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Robert E. Vanasek
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 1991 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	*H.F. No.*	*Session Laws Chapter No.*	*Time and Date Approved 1991*	*Date Filed 1991*
	325	Resolution No. 3	4:32 p.m. April 11	April 12
	646	23	4:30 p.m. April 11	April 12

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 12, 1991

The Honorable Robert E. Vanasek
Speaker of the House of Representatives
The State of Minnesota

Dear Representative Vanasek:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 1209, memorializing the President and Congress to condemn the use of Soviet military force in the Baltic Republics and support the Baltic Republics for their self-determination.

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Robert E. Vanasek
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 1991 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	*H.F. No.*	*Session Laws Chapter No.*	*Time and Date Approved 1991*	*Date Filed 1991*
	1209	Resolution No. 6	6:30 p.m. April 12	April 13

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 17, 1991

The Honorable Robert E. Vanasek
Speaker of the House of Representatives
The State of Minnesota

Dear Representative Vanasek:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 661, memorializing Canada to correct the new permit regulations for the Canada-Minnesota border, and to encourage

federal, state, and provincial governments to resolve differences to the mutual benefit and satisfaction of the citizens of both countries.

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Robert E. Vanasek
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 1991 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	*H.F. No.*	*Session Laws Chapter No.*	*Time and Date Approved 1991*	*Date Filed 1991*
	661	Resolution No. 4	3:04 p.m. April 17	April 17
611		24	3:00 p.m. April 17	April 17
148		25	3:02 p.m. April 17	April 17
154		26	2:59 p.m. April 17	April 17
5		27	2:55 p.m. April 17	April 17
162		28	2:55 p.m. April 17	April 17
567		29	2:57 p.m. April 17	April 17

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 78, A bill for an act relating to judicial administration; increasing fees; eliminating fees; decreasing the number of certified copies of marriage licenses prepared; expanding the probate surcharge to informal probate matters; amending Minnesota Statutes 1990, sections 357.021, subdivision 2; 517.101; and 525.5501, subdivision 2.

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

The report was adopted.

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

H. F. No. 80, A bill for an act relating to human services; requiring increases in rates for salaries of employees of intermediate care facilities for persons with mental retardation, home and community-*based waivered services, developmental* achievement centers, and semi-independent living services programs; amending Minnesota Statutes 1990, sections 245.465; 252.24, by adding a subdivision; 252.275, by adding a subdivision; 252.28, by adding a subdivision; 256B.491, by adding a subdivision; and 268A.06, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 245.465, is amended to read:

245.465 [DUTIES OF COUNTY BOARD.]

Subdivision 1. [DUTIES TO PROVIDE SERVICES.] The county board in each county shall use its share of mental health and community social service act funds 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 adult mental health services in accordance with sections 245.461 to 245.486;

(2) provide for case management services to adults with serious and persistent mental illness in accordance with sections 245.462, subdivisions 3 and 4; 245.4711; and 245.486;

(3) provide for screening of adults specified in section 245.476 upon admission to a residential treatment facility or acute care hospital *inpatient, or informal admission* to a regional treatment center;

(4) prudently administer grants and purchase-of-service contracts

that the county board determines are necessary to fulfill its responsibilities under sections 245.461 to 245.486; and

(5) assure that mental health professionals, mental health practitioners, and case managers employed by or under contract with the county to provide mental health services have experience and training in working with adults with mental illness.

Subd. 2. [RESIDENTIAL AND COMMUNITY SUPPORT PROGRAMS; SALARY ADJUSTMENTS.] In establishing, operating, or contracting for the provision of programs licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, and programs funded under Minnesota Rules, parts 9535.0100 to 9535.1600, a county board shall contract at rates computed by increasing the total salaries, payroll taxes, and fringe benefits related to personnel below top management by the percentage increase in Standard Industrial Code 805 (average hourly earnings of nursing and personal care workers) forecast by Data Resources, Inc., for the rate year compared to the previous rate year in the forecast published in the second quarter of the calendar year preceding the rate year, plus five percent each year of the biennium, and then dividing the resulting amount by the contracted total number of days of service. All increased revenue produced by this calculation must be used for salaries and related costs of personnel in positions below top management. The state shall provide counties with proper reimbursement to cover these increased costs.

Sec. 2. Minnesota Statutes 1990, section 252.24, is amended by adding a subdivision to read:

Subd. 3a. [DEVELOPMENTAL ACHIEVEMENT CENTERS; SALARY ADJUSTMENTS.] In contracting with a developmental achievement center, beginning on October 1, 1991, a county board must contract at rates computed by increasing the total salaries, payroll taxes, and fringe benefits related to personnel below top management by the percentage increase in Standard Industrial Code 805 (average hourly earnings of nursing and personal care workers) forecast by Data Resources, Inc., for the rate year compared to the previous rate year in the forecast published in the second quarter of the calendar year preceding the rate year, plus five percent each year of the biennium, and then dividing the resulting amount by the contracted total number of days of service. All increased revenue produced by this calculation must be used for salary and related costs of personnel in positions below top management. The state shall provide counties with proper reimbursement to cover these increased costs.

Sec. 3. Minnesota Statutes 1990, section 252.275, is amended by adding a subdivision to read:

Subd. 9. [SEMI-INDEPENDENT LIVING SERVICES; SALARY

ADJUSTMENTS.] In establishing, operating, or contracting for the provision of semi-independent living services under this section, a county board must contract at rates computed by increasing the total salaries, payroll taxes, and fringe benefits related to personnel below top management by the percentage increase in Standard Industrial Code 805 (average hourly earnings of nursing and personal care workers) forecast by Data Resources, Inc., for the rate year compared to the previous rate year in the forecast published in the second quarter of the calendar year preceding the rate year, plus five percent each year of the biennium, and then dividing the resulting amount by the contracted total number of service units of service. These increases in rates shall continue in future rate years. All increased revenue produced by this calculation must be used for salary and related costs of personnel in positions below top management. The state shall provide counties with proper reimbursement to cover these increased costs.

Sec. 4. Minnesota Statutes 1990, section 252.28, is amended by adding a subdivision to read:

Subd. 5. [ICF/MR; SALARY ADJUSTMENTS.] (a) The commissioner shall increase rates for each intermediate care facility for persons with mental retardation or related conditions by a salary adjustment computed by increasing the total salaries, payroll taxes, and fringe benefits related to personnel below top management by the percentage increase in Standard Industrial Code 805 (average hourly earnings of nursing and personal care workers) forecast by Data Resources, Inc., for the rate year compared to the previous rate year in the forecast published in the second quarter of the calendar year preceding the rate year, plus five percent each year of the biennium. All increased revenue produced by this calculation must be used for salary and related costs of personnel in positions below top management.

(b) The commissioner shall allow an additional 1.5 percent increase in rates for those agencies demonstrating that staff salaries below top management are the lowest 30 percent of intermediate care facilities for persons with mental retardation or related conditions. All increased revenue produced by this calculation must be used for salary and related costs of personnel in positions below top management.

Sec. 5. Minnesota Statutes 1990, section 256B.491, is amended by adding a subdivision to read:

Subd. 3. [WAIVERED SERVICES; SALARY ADJUSTMENTS.] In establishing, operating, or contracting for the provision of services covered under the home and community-based waiver under this section, a county board must contract at rates computed by increasing the total salaries, payroll taxes, and fringe benefits related to personnel below top management by the percentage

increase in Standard Industrial Code 805 (average hourly earnings of nursing and personal care workers) forecast by Data Resources, Inc., for the rate year compared to the previous rate year in the forecast published in the second quarter of the calendar year preceding the rate year, plus five percent each year of the biennium, and then dividing the resulting amount by the contracted total number of service units of service. These increases in rates shall continue in future rate years. All increased revenue produced by this calculation must be used for salary and related costs of personnel in positions below top management. The state shall provide counties with proper reimbursement to cover these increased costs.

Sec. 6. Minnesota Statutes 1990, section 268A.06, is amended by adding a subdivision to read:

Subd. 3. [REHABILITATION FACILITIES; SALARY ADJUSTMENTS.] The commissioner shall increase rates for each rehabilitation facility by a salary adjustment computed by increasing the total salaries, payroll taxes, and fringe benefits related to personnel below top management by the percentage increase in Standard Industrial Code 805 (average hourly earnings of nursing and personal care workers) forecast by Data Resources, Inc., for the rate year compared to the previous rate year in the forecast published in the second quarter of the calendar year preceding the rate year, plus five percent each year of the biennium. All increased revenue produced by this calculation must be used for salary and related costs of personnel in positions below top management."

With the recommendation that when so amended 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. 117, A bill for an act relating to wild animals; altering the classification of certain ferrets; amending Minnesota Statutes 1990, section 346.41, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [346.415] [DOMESTIC EUROPEAN FERRETS.]

Subdivision 1. [CLASSIFICATION AS DOMESTIC ANIMAL.]

The domestic European ferret (mustela putorius furo) is classified as a domestic and companion animal.

Subd. 2. [FOOD.] Domestic European ferrets must be provided with food of sufficient quantity and quality to allow for normal growth or the maintenance of body weight.

Subd. 3. [WATER.] Domestic European ferrets must be provided with clean, potable water in sufficient quantity to satisfy the animal's needs or supplied by free choice.

Subd. 4. [TRANSPORTATION AND SHIPMENT.] When domestic European ferrets are transported in crates or containers, the crates or containers must be constructed of nonabrasive wire or a smooth, durable material suitable for the animals. Crates and containers must be clean, adequately ventilated, contain sufficient space to allow the animals to turn around, and provide maximum safety and protection to the animals. Water must be provided at least once every eight hours. Food must be provided at least once every 24 hours or more often, if necessary, to maintain the health and condition of the animals.

Subd. 5. [VACCINATIONS.] All domestic European ferrets must be vaccinated against rabies and distemper.

Subd. 6. [FEMALES TO BE SPAYED.] All female European domestic ferrets must be spayed, except for animals used for breeding purposes.

Subd. 7. [INFORMATION FOR BUYERS.] A person selling or offering to sell domestic European ferrets must provide buyers with written factual information concerning the care of these animals, including a warning that a domestic European ferret may cause injury to young children.

Sec. 2. [STUDY.]

The commissioner of health must examine the public health aspects of private ferret ownership and report to the legislature by January 1, 1992.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective January 1, 1992, and section 2 is effective July 1, 1991."

Delete the title and insert:

"A bill for an act relating to animals; classifying domestic Euro-

pean ferrets as domestic animals; providing for their health and welfare; requiring a study; proposing coding for new law in Minnesota Statutes, chapter 346."

And when so amended the bill be re-referred to the Committee on Health and Human Services without further recommendation.

The report was adopted.

Osthoff from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

H. F. No. 162, A bill for an act relating to regulation of dangerous dogs; providing for designation of a warning symbol to inform children of the presence of a dangerous dog; amending Minnesota Statutes 1990, section 347.51, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 14, after "be" insert "uniform and"

Page 1, line 18, delete "sufficient" and insert "the number of"

Page 1, line 19, delete "to" and insert "requested by" and delete the second "each" and insert "the"

Page 1, line 20, after the period, insert "The county may charge the registrant a reasonable fee to cover its administrative costs and the cost of the warning symbol."

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. 267, A bill for an act relating to motor vehicles; exempting from commercial vehicle inspection requirements and hazardous material driver's license endorsement requirements, pickup trucks carrying certain quantities of petroleum products or liquid fertilizer; reducing the minimum size of fleets of commercial vehicles permitted to conduct self-inspections; providing for the issuance of commercial vehicle inspection decals to vehicles manufactured before January 1, 1976; limiting the authority of agents of the commissioner of transportation to inspect vehicles; delaying

effective date of requirement that all commercial vehicles bear a commercial vehicle inspection decal; amending Minnesota Statutes 1990, sections 169.781, subdivisions 1, 3, and 5; and 171.02, by adding a subdivision; Laws 1990, chapter 563, section 11; proposing coding for new law in Minnesota Statutes, chapter 174.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 169.781, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of sections 169.781 to 169.783:

(a) "Commercial motor vehicle" means:

(1) a commercial motor vehicle as defined in section 169.01, subdivision 75, paragraph (a); and

(2) each vehicle in a combination ~~drawn by a commercial motor vehicle~~ of more than 26,000 pounds.

"Commercial motor vehicle" does not include (1) a school bus displaying a certificate under section 169.451, ~~or~~ (2) a bus operated by the metropolitan transit commission created in section 473.404 or by a local transit commission created in chapter 458A, or (3) a motor vehicle with a gross weight of not more than 26,000 pounds, carrying in bulk tanks a total of not more than 200 gallons of petroleum products and liquid fertilizer.

(b) "Commissioner" means the commissioner of public safety.

(c) "Owner" means a person who owns, or has control, under a lease of more than 30 days' duration, of one or more commercial motor vehicles.

(d) "Storage trailer" means a trailer that (1) is used exclusively to store property at a location not on a street or highway, (2) does not contain any load when moved on a street or highway, (3) is operated only during daylight hours, and (4) is marked on each side of the trailer "storage only" in letters at least six inches high.

Sec. 2. Minnesota Statutes 1990, section 169.781, subdivision 2, is amended to read:

Subd. 2. [INSPECTION REQUIRED.] It is unlawful for a person to operate or permit the operation of a commercial motor vehicle

registered in Minnesota unless the vehicle displays a valid safety inspection decal issued by an inspector certified by the commissioner, or the vehicle carries (1) proof that the vehicle complies with federal motor vehicle inspection requirements for vehicles in interstate commerce, and (2) a certificate of compliance with federal requirements issued by the commissioner under subdivision 9.

Sec. 3. Minnesota Statutes 1990, section 169.781, subdivision 3, is amended to read:

Subd. 3. [WHO MAY INSPECT.] (a) An inspection required by this section may be performed only by:

(1) an employee of the department of public safety or transportation who has been certified by the commissioner after having received training provided by the state patrol; or

(2) another person who has been certified by the commissioner after having received training provided by the state patrol or other training approved by the commissioner.

(b) A person who is not an employee of the department of public safety or transportation may be certified by the commissioner if the person is: (1) an owner, or employee of the owner, of ~~five~~ one or more commercial motor vehicles that are power units; (2) a dealer licensed under section 168.27 and engaged in the business of buying and selling commercial motor vehicles, or an employee of the dealer; or (3) engaged primarily in the business of repairing and servicing commercial motor vehicles. Certification of persons described in clauses (1) to (3) is effective for ~~one year~~ two years from the date of certification. The commissioner may require ~~annual~~ biennial retraining of persons holding a certificate under this paragraph as a condition of renewal of the certificate. The commissioner may charge a fee of not more than $10 for each certificate issued and renewed. A certified person described in clauses (1) to (3) may charge a fee of not more than $50 for each inspection of a vehicle not owned by the person or the person's employer.

(c) Except as otherwise provided by law, the standards adopted by the commissioner for commercial motor vehicle inspections under section 169.781 to 169.783 shall be the standards prescribed in Code of Federal Regulations, title 49, section 396.17, and chapter III, subchapter B, appendix G. The commissioner may classify types of vehicles for inspection purposes and may ~~adopt separate inspection procedures and~~ issue separate classes of inspector certificates for each class.

(d) The commissioner, after notice and an opportunity for a hearing, may suspend a certificate issued under paragraph (b) for failure to meet annual certification requirements prescribed by the commissioner or failure to inspect commercial motor vehicles in

accordance with inspection procedures established by the state patrol. The commissioner shall revoke a certificate issued under paragraph (b) if the commissioner determines after notice and an opportunity for a hearing that the certified person issued an inspection decal for a commercial motor vehicle when the person knew or reasonably should have known that the vehicle was in such a state of repair that it would have been declared out of service if inspected by an employee of the state patrol. Suspension and revocation of certificates under this subdivision are not subject to sections 14.57 to 14.69.

Sec. 4. Minnesota Statutes 1990, section 169.781, subdivision 4, is *amended to read:*

Subd. 4. [INSPECTION REPORTS.] (a) A person performing an inspection under this section shall issue an inspection report to the owner of the commercial motor vehicle inspected. The report must include:

(1) the full name of the person performing the inspection, and the person's inspector certification number;

(2) the name of the owner of the vehicle and, if applicable, the United States Department of Transportation carrier number issued to the owner of the vehicle, or to the operator of the vehicle if other than the owner;

(3) the vehicle identification number and, if applicable, the license plate number of the vehicle;

(4) the date and location of the inspection;

(5) the vehicle components inspected and a description of the findings of the inspection, including identification of the components not in compliance with federal motor carrier safety regulations; and

(6) *the inspector's certification that the inspection was complete,* accurate, and in compliance with the requirements of this section.

(b) The owner must retain a copy of the inspection report for at least ~~one year~~ 14 months at a location in the state where the vehicle is domiciled or maintained. During this period the report must be available for inspection by an authorized federal, state, or local official.

(c) The commissioner shall prescribe the form of the inspection report and revise it as necessary to comply with state and federal law and regulations. The adoption of the report form is not subject to the administrative procedure act.

Sec. 5. Minnesota Statutes 1990, section 169.781, subdivision 5, is amended to read:

Subd. 5. [INSPECTION DECALS.] (a) A person inspecting a commercial motor vehicle shall issue an inspection decal for the vehicle if each inspected component of the vehicle complies with federal motor carrier safety regulations. The decal must state that in the month specified on the decal the vehicle was inspected and each inspected component complied with federal motor carrier safety regulations. The decal is valid for 12 months after the month specified on the decal. The commissioners of public safety and transportation shall make decals available, at a fee of not more than $2 for each decal, to persons certified to perform inspections under subdivision 3, paragraph (b).

(b) Minnesota inspection decals may be affixed only to commercial motor vehicles bearing Minnesota-based license plates.

(c) Notwithstanding paragraph (a), a person inspecting (1) a vehicle of less than 57,000 pounds gross vehicle weight and registered as a farm truck, or (2) a storage trailer, must issue an inspection decal to the vehicle unless the vehicle has one or more defects that would result in the vehicle being declared out of service if inspected at any time by the state patrol. A decal issued to a vehicle described in clause (1) or (2) is valid for two years from the date of issuance. A decal issued to such a vehicle must clearly indicate that it is valid for two years from the date of issuance.

Sec. 6. Minnesota Statutes 1990, section 169.781, is amended by adding a subdivision to read:

Subd. 9. [PROOF OF FEDERAL INSPECTION.] An owner of a commercial motor vehicle that is subject to and in compliance with federal motor vehicle inspection requirements for vehicles in interstate commerce may apply to the commissioner for a certificate of compliance with federal requirements. On payment of a fee equal to the fee for an inspection decal under subdivision 5, paragraph (a), the commissioner shall issue the certificate to the applicant.

Sec. 7. Minnesota Statutes 1990, section 169.783, subdivision 1, is amended to read:

Subdivision 1. [POSTCRASH INSPECTION.] A peace officer responding to an accident involving a commercial motor vehicle must immediately notify the state patrol if the accident results in death, personal injury, or property damage to an apparent extent of more than ~~$4,500~~ $4,400. It is a misdemeanor for a person to drive or cause to be driven a commercial motor vehicle after such an accident unless the vehicle: (1) has been inspected by a state trooper or other person authorized to conduct inspections under section 169.781, subdivision 3, paragraph (a), who is an employee of the

department of public safety or transportation, and the person inspecting the vehicle has determined that the vehicle may safely be operated; or (2) a waiver has been granted under subdivision 2.

Sec. 8. Minnesota Statutes 1990, section 171.02, is amended by adding a subdivision to read:

Subd. 2a. [HAZARDOUS MATERIALS; EXCEPTION.] Notwithstanding subdivision 2, a hazardous materials endorsement is not required to operate a motor vehicle with a gross weight of not more than 26,000 pounds, carrying in bulk tanks a total of not more than 200 gallons of petroleum products and liquid fertilizer.

Sec. 9. Laws 1990, chapter 563, section 11, is amended to read:

Sec. 11. [EFFECTIVE DATE.]

(a) Section 1, subdivisions 1 and 3 to 8, and sections 2 to 10 are effective July 1, 1990.

(b) Except as provided in paragraph (c), section 1, subdivision 2, is effective ~~April~~ July 1, 1991.

(c) Section 1, subdivision 2, is effective April 1, 1992, for any registered farm truck with a registered gross weight of not more than 57,000 pounds while being operated within a radius of 50 miles of the home post office of the owner.

Sec. 10. [EFFECTIVE DATE.]

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

Delete the title and insert:

"A bill for an act relating to motor vehicles; exempting from commercial vehicle inspection requirements and hazardous material driver's license endorsement requirements, pickup trucks carrying certain quantities of petroleum products or liquid fertilizer; reducing the minimum size of fleets of commercial vehicles permitted to conduct self-inspections; specifying the commercial vehicle inspection standards to be adopted by the commissioner of public safety; providing that certain vehicles may be issued certificates by complying with out-of-service criteria, and that such certificates are valid for two years; providing certain proof of federal inspection in lieu of state inspection decal requirements; changing the period of time for which inspection records must be retained; lowering the property damage level of accidents subject to postcrash vehicle inspections; delaying effective date of requirement that all commercial vehicles bear a commercial vehicle inspection decal; amending

Minnesota Statutes 1990, sections 169.781, subdivisions 1, 2, 3, 4, 5, and by adding a subdivision; 169.783, subdivision 1; 171.02, by adding a subdivision; and Laws 1990, chapter 563, section 11."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 375, A bill for an act relating to marriage; providing for solemnization of marriages by certain court officers; amending Minnesota Statutes 1990, section 517.04.

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

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 422, A bill for an act relating to cities; providing for distribution of public notices in cities of the fourth class in the metropolitan area; amending Minnesota Statutes 1990, section 331A.03.

Reported the same back with the following amendments:

Page 1, line 24, after "if" insert "there is no qualified nondaily newspaper of general circulation in the city, provided"

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

The report was adopted.

Osthoff from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

H. F. No. 436, A bill for an act relating to animals; tightening laws prohibiting cruel treatment of certain animals, including equines; increasing certain penalties; amending Minnesota Statutes 1990, sections 343.21, subdivisions 9 and 10; 346.43; and 346.44; proposing coding for new law in Minnesota Statutes, chapter 343.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 343.21, subdivision 9, is amended to read:

Subd. 9. [PENALTY.] A person who fails to comply with any provision of this section is guilty of a misdemeanor. A person convicted of a second or subsequent violation of this section within five years of a previous violation is guilty of a gross misdemeanor.

Sec. 2. Minnesota Statutes 1990, section 343.21, subdivision 10, is amended to read:

Subd. 10. [RESTRICTIONS.] If a person is convicted of violating this section, or sections 346.35 to 346.44, the court ~~may~~ shall require that pet or companion animals, as defined in section 346.36, subdivision 6, that have not been seized by a peace officer or agent and are in the custody of the person must be turned over to a peace officer or other appropriate officer or agent if the court determines that the person is unable or unfit to provide adequately for an animal. If the evidence indicates lack of proper and reasonable care of an animal, the burden is on the person to affirmatively demonstrate by clear and convincing evidence that the person is able and fit to have custody of and provide adequately for an animal. The court may limit the person's further possession or custody of ~~pet or companion~~ animals, and may impose other conditions the court considers appropriate, including, but not limited to:

(1) imposing a probation period during which the person may not have ownership, custody, or control of ~~a pet or companion~~ an animal;

(2) requiring periodic visits of the person by an animal control officer or agent appointed pursuant to section 343.01, subdivision 1;

(3) requiring performance by the person of community service in a humane facility; and

(4) requiring the person to receive behavioral counseling.

Sec. 3. [343.38] [SUBSEQUENT VIOLATIONS.]

A person who is convicted of a second or subsequent violation of section 343.24, 343.25, 343.26, 343.28, 343.30, 343.31, 343.36, or 343.37 within five years of a previous violation of that section is guilty of a gross misdemeanor.

Sec. 4. Minnesota Statutes 1990, section 346.44, is amended to read:

346.44 [PENALTIES.]

Except where otherwise indicated, a person found guilty of failure to comply with a provision of sections 346.36 to 346.42 is guilty of a misdemeanor. A person convicted of a second or subsequent violation of sections 346.36 to 346.42 within five years of a previous violation is guilty of a gross misdemeanor.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective August 1, 1991, and apply to crimes committed on or after that date, but previous convictions occurring before that date may serve as the basis for enhancing penalties under sections 1 to 4."

Delete the title and insert:

"A bill for an act relating to animals; tightening laws prohibiting cruel treatment of certain animals; increasing certain penalties; amending Minnesota Statutes 1990, sections 343.21, subdivisions 9 and 10; and 346.44; proposing coding for new law in Minnesota Statutes, chapter 343."

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 700, A bill for an act relating to education; providing for supplemental revenue and minimum allowance revenue in certain cases; amending Minnesota Statutes 1990, section 122.531, by adding a subdivision; repealing Minnesota Statutes 1990, section 122.531, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION REVENUE

Section 1. Minnesota Statutes 1990, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to sections 124.2721, subdivision 3; 124.575, subdivision 3; and 275.125, subdivision 9a; and Laws 1976, chapter 20, section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the June and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus ~~31.0~~ 37.0 percent of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) ~~31.0~~ 37.0 percent of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the reserved fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to sections 124.2725, subdivision 15, 124.4945, and 275.125, subdivisions 4 and 6a, and Laws 1975, chapter 261, section 4; and

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, amounts levied for down payments under section 124.82, subdivision 3, and amounts levied pursuant to section 275.125, subdivision 14a.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue

received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1990, section 121.904, subdivision 4e, is amended to read:

Subd. 4e. [COOPERATION LEVY RECOGNITION.] (a) A cooperative district is a district or cooperative that receives revenue according to section 124.2721 or 124.575.

(b) In June of each year, the cooperative district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, that are for the fiscal year payable in that fiscal year; or

(2) ~~31.0~~ 37.0 percent of the difference between

(i) the sum of the amount of levies certified in the prior year according to sections 124.2721, subdivision 3, and 124.575, subdivision 3; and

(ii) the amount of transition aid paid to the cooperative unit according to section 273.1392 for the fiscal year to which the levy is attributable.

Sec. 3. Minnesota Statutes 1990, section 122.531, is amended by adding a subdivision to read:

Subd. 5a. [SUPPLEMENTAL REVENUE.] (a) For purposes of computing the supplemental revenue and the minimum allowance under section 124A.22, subdivision 9, paragraph (c), in the case of a consolidation, the newly created district's 1987-1988 revenue and 1987-1988 actual pupil units are the sum of the 1987-1988 revenue and 1987-1988 pupil units, respectively, of the former districts comprising the new district.

(b) For purposes of computing the supplemental revenue and the minimum allowance under section 124A.22, subdivision 9, paragraph (c), in the case of a dissolution and attachment, a district's

1987-1988 revenue is the revenue of the existing district plus the result of the following calculation:

(1) the 1987-1988 revenue of the dissolved district divided by

(2) the dissolved district's 1987-1988 actual pupil units, adjusted for the change in secondary pupil unit weighting from 1.4 to 1.35 made by Laws 1987, chapter 398, multiplied by

(3) the pupil units of the dissolved district in the most recent year before the dissolution allocated to the newly created or enlarged district.

(c) In the case of a dissolution and attachment, the department of education shall allocate the pupil units of the dissolved district to the newly enlarged districts based on the allocation of the property on which the pupils generating the pupil units reside.

Sec. 4. Minnesota Statutes 1990, section 124.17, subdivision 1, is amended to read:

Subdivision 1. [PUPIL UNIT.] Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

(a) A handicapped prekindergarten pupil who is enrolled for the entire fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875, but not more than one.

(b) A handicapped prekindergarten pupil who is enrolled for less than the entire fiscal year in a program approved by the commissioner is counted as the greater of:

(1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year; or

(2) the ratio of the number of hours of assessment and education service required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(c) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 875.

(d) A handicapped kindergarten pupil who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(e) A kindergarten pupil who is not included in paragraph (d) is counted as one-half of a pupil unit.

(f) A pupil who is in any of grades 1 to 6 is counted as one pupil unit.

(g) A pupil who is in any of grades 7 to 12 is counted as ~~1.35~~ 1.3 pupil units.

Sec. 5. Minnesota Statutes 1990, section 124.17, subdivision 1b, is amended to read:

Subd. 1b. [FISCAL YEAR 1992 AFDC PUPIL UNITS.] In a district in which the number of pupils from families receiving aid to families with dependent children and residing in the district on October 1 of the previous school year equals six percent or more of the actual pupil units in the district for the current school year, as computed in subdivision 1, each such pupil shall be counted as an additional ~~one-tenth~~ five-hundredths of a pupil unit for each one-half percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest ~~whole~~ one-half percent. In a district in which the percent of concentration is less than six, additional pupil units may not be counted for such pupils. A pupil may not be counted as more than .6 additional pupil unit under this subdivision. The weighting in this subdivision is in addition to the weighting provided in subdivision 1.

Sec. 6. Minnesota Statutes 1990, section 124.175, is amended to read:

124.175 [AFDC PUPIL COUNT.]

Each year by March 1, the department of human services shall certify to the department of education~~, for each school district,~~ the number of pupils from families receiving aid to families with dependent children who were enrolled in a public school on October 1 of the preceding year. The certification must be by school district, according to the school district in which the pupil resides.

Sec. 7. Minnesota Statutes 1990, section 124.195, subdivision 12, is amended to read:

Subd. 12. [AID ADJUSTMENT FOR TRA CONTRIBUTION RATE CHANGE.] (a) The department of education shall reduce

general education aid or any other aid paid in a fiscal year 1992 to school districts, intermediate school districts, education districts, education cooperative service units, special education cooperatives, secondary vocational cooperatives, regional management information centers, or another district or unit providing elementary or secondary education services. The reduction shall equal the following percent of salaries paid in a fiscal year by the entity to members of the teachers retirement association established in chapter 354. However, salaries paid to members of the association who are employed by a technical college shall be excluded from this calculation:

(1) in fiscal year 1991, 0.84 percent,

(2) in fiscal year 1992 and later years, the greater of

(i) zero, or

(ii) 4.48 percent less the additional employer contribution rate established under section 354.42, subdivision 5.

(b) In fiscal year 1991, this reduction is estimated to equal $14,260,000.

Sec. 8. Minnesota Statutes 1990, section 124A.03, is amended to read:

124A.03 [REFERENDUM ~~LEVY~~ REVENUE.]

Subd. 1b. [INITIAL REFERENDUM ALLOWANCE.] The department of education shall convert the referendum levy authority existing under this section for 1990 taxes payable in 1991 to a revenue allowance per actual pupil unit for future years. A district's initial revenue allowance for all later years for which the levy is authorized equals the referendum levy authority for 1990 taxes payable in 1991 divided by its actual pupil units for the 1991-1992 school year.

Subd. 1c. [REFERENDUM ALLOWANCE ADJUSTMENT.] Beginning in fiscal year 1993, a district's referendum allowance adjustment equals:

(a) one-half of the sum of:

(1) the district's training and experience revenue according to section 124A.22, subdivision 4, minus its previous formula training and experience revenue according to section 124A.22, subdivision 4; minus

(2) the amount of the reduction in supplemental revenue resulting from the increase in training and experience revenue under clause (1);

(b) divided by the district's actual pupil units.

Subd. 1d. [REFERENDUM ALLOWANCE.] For fiscal year 1993 and subsequent fiscal years, a district's referendum allowance equals the sum of the following:

(a) the district's initial referendum allowance minus the district's referendum allowance adjustment, but not less than zero; plus

(b) the amount of referendum revenue per actual pupil unit authorized under subdivision 2 in a referendum held after July 1, 1991.

Subd. 1e. [REFERENDUM ALLOWANCE LIMIT.] (a) Notwithstanding subdivision 1d, a district's referendum allowance must not exceed the greater of:

(1) the district's initial referendum allowance for fiscal year 1992 minus the district's referendum allowance adjustment; or

(2) 35 percent of the formula allowance for that fiscal year.

Subd. 1f. [SPARSITY EXCEPTION.] A district that qualifies for sparsity revenue under section 124A.22 is not subject to a referendum allowance limit.

Subd. 1g. [TOTAL REFERENDUM REVENUE.] The total referendum revenue for each district equals the district's referendum allowance times the actual pupil units for the school year.

Subd. 1h. [REFERENDUM EQUALIZATION REVENUE.] A district's referendum equalization revenue equals the sum of the three referendum equalization tiers.

(a) First tier referendum equalization revenue equals two percent of the formula allowance times the district's actual pupil units for that year.

(b) Second tier referendum equalization revenue equals five percent of the formula allowance times the district's actual pupil units for that year.

(c) Third tier referendum equalization revenue equals three percent of the formula allowance times the district's actual pupil units for that year.

Referendum equalization revenue must not exceed a district's referendum revenue authority times the pupil units for that year.

Subd. 1i. [REFERENDUM EQUALIZATION LEVY.] A district's referendum equalization levy equals the sum of the following:

(a) First tier referendum equalization levy equals first tier referendum revenue.

(b) Second tier referendum equalization levy equals second tier referendum revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per pupil unit to 75 percent of the equalizing factor as defined in section 124A.02, subdivision 8.

(c) Third tier referendum equalization levy equals third tier referendum revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per pupil unit to 50 percent of the equalizing factor as defined in section 124A.02, subdivision 8.

Subd. 1j. [REFERENDUM EQUALIZATION AID.] A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy for each tier.

Subd. 1k. [UNEQUALIZED REFERENDUM LEVY.] Each year, a district may levy an amount equal to the difference between its total referendum revenue according to subdivision 1g and its equalized referendum revenue according to subdivision 1h.

Subd. 2. [REFERENDUM ~~LEVY~~ REVENUE.] (a) The ~~levy~~ revenue authorized by section ~~124A.23~~ 124A.22, subdivision ~~2~~ 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased ~~levy as a percentage of net tax capacity, the amount that will be raised by that local tax rate~~ revenue per actual pupil unit, the estimated net tax capacity rate in the first year it is to be levied, and that the ~~local tax rate~~ revenue shall be used to finance school operations. The ballot shall designate the specific number of years for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the ~~levy~~ revenue proposed by (petition to) the board of ....., School District No. .., be approved?"

If approved, ~~the~~ an amount ~~provided by~~ equal to the approved ~~local tax rate applied to the net tax capacity~~ revenue per actual pupil unit

times the actual pupil units for the school year ~~preceding~~ beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer at the address listed on the school district's current year's assessment roll, a notice of the referendum and the proposed ~~levy~~ revenue increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: "~~In 1989 the legislature reduced property taxes for education by increasing the state share of funding for education. However, state aid for cities and townships was reduced by a corresponding amount. As a result, property taxes for cities and townships may increase.~~ "Passage of this referendum will result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased ~~levy~~ revenue amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. ~~A levy~~ Revenue approved by the voters of the district pursuant to paragraph (a) must be ~~made~~ received at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce ~~a levy~~ referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

Sec. 9. Minnesota Statutes 1990, section 124A.04, is amended to read:

124A.04 [TRAINING AND EXPERIENCE INDEX.]

Subdivision 1. [FISCAL YEAR 1992.] The training and experience index for fiscal year 1992 shall be constructed in the following manner:

(a) The department shall construct a matrix which classifies teachers by the extent of training received in accredited institutions of higher education, and by the years of experience which ~~the district takes~~ districts take into account in determining ~~each teacher's salary~~ teacher salaries.

(b) For all teachers in the state, the average salary per full-time-equivalent shall be computed for each cell of the matrix.

(c) For each cell of the matrix, the ratio of the average salary in that cell to the average salary in the cell for teachers with no prior years of experience and only a bachelor's degree shall be computed. Cells of the matrix in lanes beyond the master's degree plus 30 credits lane must receive the same ratio as the cells in the master's degree plus 30 credits lane. The department shall use statistical methods to ensure continuously increasing or constant ratios as cells are higher in training or experience.

(d) The index for each district shall be equal to the weighted average of the ratios assigned to the full-time-equivalent teachers in each district.

Subd. 2. [1993 AND LATER.] The training and experience index for fiscal year 1993 and later fiscal years must be constructed in the following manner:

(a) The department shall construct a matrix that classifies teachers by the extent of training received in accredited institutions of higher education and by the years of experience that districts take into account in determining teacher salaries.

(b) The average salary for each cell of the matrix must be

computed as follows using data from the second year of the previous biennium:

(1) For each school district, multiply the salary paid to full-time equivalent teachers with that combination of training and experience according to the district's teacher salary schedule by the number of actual pupil units in that district.

(2) Add the amounts computed in clause (1) for all districts in the state and divide the resulting sum by the total number of actual pupil units in all districts in the state that employ teachers.

(c) For each cell in the matrix, compute the ratio of the average salary in that cell to the average salary for all teachers in the state.

(d) The index for each district that employs teachers equals the sum of the ratios for each teacher in that district divided by the number of teachers in that district. The index for a district that employs no teachers is zero.

Sec. 10. Minnesota Statutes 1990, section 124A.22, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. The formula allowance is ~~$2,838~~ $3,050 for fiscal year ~~1990. The formula allowance for~~ 1992 and subsequent fiscal years ~~is $2,953~~.

Sec. 11. Minnesota Statutes 1990, section 124A.22, subdivision 4, is amended to read:

Subd. 4. [TRAINING AND EXPERIENCE REVENUE.] (a) For fiscal year 1992, the training and experience revenue for each district equals the greater of zero or the result of the following computation:

~~(a)~~ (1) subtract 1.6 from the training and experience index~~.~~;

~~(b)~~ (2) multiply the result in clause ~~(a)~~ (1) by the product of $700 times the actual pupil units for the school year.

(b) For 1993 and later fiscal years, the maximum training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract .8 from the training and experience index;

(2) multiply the result in clause (1) by the product of $575 times the actual pupil units for the school year.

(c) For 1993 and later fiscal years, the previous formula training and experience revenue for each district equals the amount of training and experience revenue computed for that district according to the formula used to compute training and experience revenue for fiscal year 1991.

(d) For fiscal year 1993, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus one-third of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.

(e) For fiscal year 1994, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus two-thirds of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.

(f) For 1995 and later fiscal years, the training and experience revenue for each district equals the district's maximum training and experience revenue.

Sec. 12. Minnesota Statutes 1990, section 124A.22, is amended by adding a subdivision to read:

Subd. 4a. [TRAINING AND EXPERIENCE LEVY.] A district's training and experience levy equals its training and experience revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per pupil unit for the year before the year the levy is certified to the equalizing factor for the school year to which the levy is attributable.

Sec. 13. Minnesota Statutes 1990, section 124A.22, is amended by adding a subdivision to read:

Subd. 4b. [TRAINING AND EXPERIENCE AID.] A district's training and experience aid equals its training and experience revenue minus its training and experience levy times the ratio of the actual amount levied to the permitted levy.

Sec. 14. Minnesota Statutes 1990, section 124A.22, subdivision 5, is amended to read:

Subd. 5. [DEFINITIONS.] The definitions in this subdivision apply only to ~~subdivision~~ subdivisions 6 and 6a.

(a) "High school" means a secondary school that has pupils enrolled in at least the 10th, 11th, and 12th grades. If there is no secondary school in the district that has pupils enrolled in at least the 10th, 11th, and 12th grades, the commissioner shall designate

one school in the district as a high school for the purposes of this section.

(b) "Secondary average daily membership" means, for a district that has only one high school, the average daily membership of resident pupils in grades 7 through 12. For a district that has more than one high school, "secondary average daily membership" for each high school means the product of the average daily membership of resident pupils in grades 7 through 12 in the high school, times the ratio of six to the number of grades in the high school.

(c) "Attendance area" means the total surface area of the district, in square miles, divided by the number of high schools in the district.

(d) "Isolation index" for a high school means the square root of one-half the attendance area plus the distance in miles, according to the usually traveled routes, between the high school and the nearest high school.

(e) "Qualifying high school" means a high school that has an isolation index greater than 23 and that has secondary average daily membership of less than 400.

(f) "Qualifying elementary school" means an elementary school that is located ~~20~~ 19 miles or more from the nearest elementary school or from the nearest elementary school within the district and, in either case, has an elementary average daily membership of an average of 20 or fewer per grade.

(g) "Elementary average daily membership" means, for a district that has only one elementary school, the average daily membership of resident pupils in kindergarten through grade 6. For a district that has more than one elementary school, "average daily membership" for each school means the average daily membership of kindergarten through grade 6 multiplied by the ratio of seven to the number of grades in the elementary school.

Sec. 15. Minnesota Statutes 1990, section 124A.22, subdivision 8, is amended to read:

Subd. 8. [SUPPLEMENTAL REVENUE.] (a) A district's supplemental revenue for fiscal year 1992 equals the product of the district's supplemental revenue for fiscal year 1991 times the ratio of:

(1) the district's 1991-1992 actual pupil units; to

(2) the district's 1990-1991 actual pupil units adjusted for the

change in secondary pupil unit weighting from 1.35 to 1.3 made in section 4.

(b) If a district's minimum allowance exceeds the sum of its basic revenue, compensatory revenue, training and experience revenue, secondary sparsity revenue, and elementary sparsity revenue per actual pupil unit for ~~a school~~ fiscal year 1993 or a later fiscal year, the district shall receive supplemental revenue equal to the amount of the excess times the actual pupil units for the school year.

Sec. 16. Minnesota Statutes 1990, section 124A.22, subdivision 9, is amended to read:

Subd. 9. [DEFINITIONS FOR SUPPLEMENTAL REVENUE.] (a) The definitions in this subdivision apply only to subdivision 8.

(b) ~~"1987-1988 revenue" means the sum of the following categories of revenue for a district for the 1987-1988 school year:~~

~~(1) basic foundation revenue, tier revenue, and declining pupil unit revenue, according to Minnesota Statutes 1986, as supplemented by Minnesota Statutes 1987 Supplement, chapter 124A, plus any reduction to second tier revenue, according to Minnesota Statutes 1986, section 124A.08, subdivision 5;~~

~~(2) teacher retirement and FICA aid, according to Minnesota Statutes 1986, sections 124.2162 and 124.2163;~~

~~(3) chemical dependency aid, according to Minnesota Statutes 1986, section 124.246;~~

~~(4) gifted and talented education aid, according to Minnesota Statutes 1986, section 124.247;~~

~~(5) arts education aid, according to Minnesota Statutes 1986, section 124.275;~~

~~(6) summer program aid and levy, according to Minnesota Statutes 1986, sections 124A.03 and 124A.033;~~

~~(7) programs of excellence grants, according to Minnesota Statutes 1986, section 126.60; and~~

~~(8) liability insurance levy, according to Minnesota Statutes 1986, section 466.06.~~

~~For the purpose of this subdivision, intermediate districts and other employing units, as defined in Minnesota Statutes 1986, section 124.2161, shall allocate the amount of their teacher retire-~~

~~ment and FICA aid for fiscal year 1988 among their participating school districts.~~

~~(c)~~ "Minimum allowance" for a district means:

(1) the district's ~~1987-1988~~ general education revenue for fiscal year 1992, according to subdivision 1; divided by

(2) the district's ~~1987-1988~~ 1991-1992 actual pupil units~~, adjusted for the change in secondary pupil unit weighting from 1.4 to 1.35 made by Laws 1987, chapter 398; plus~~

~~(3) $143 for fiscal year 1990 and $258 for subsequent fiscal years.~~

Sec. 17. Minnesota Statutes 1990, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX RATE.] ~~The general education tax rate for fiscal year 1991 is 26.3 percent. Beginning in 1990,~~ The commissioner of revenue shall establish the general education tax rate and certify it to the commissioner of education by July 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax rate shall be the rate that raises ~~$845,000,000 for fiscal year 1992 and $887,000,000~~ $929,000,000 for fiscal year 1993 and $975,450,000 for fiscal year 1994 and ~~subsequent~~ later fiscal years. The general education tax rate certified by the commissioner of revenue may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been certified.

Sec. 18. Minnesota Statutes 1990, section 124A.23, subdivision 4, is amended to read:

Subd. 4. [GENERAL EDUCATION AID.] A district's general education aid is the sum of the following amounts:

(1) the product of (i) the difference between the general education revenue, excluding supplemental revenue, and the general education levy, times (ii) the ratio of the actual amount levied to the permitted levy;

(2) the product of (i) the difference between the supplemental revenue and the supplemental levy, times (ii) the ratio of the actual amount levied to the permitted levy; ~~and~~

(3) shared time aid according to section 124A.02, subdivision 21; and

(4) referendum aid according to section 8.

Sec. 19. Minnesota Statutes 1990, section 124A.23, subdivision 5, is amended to read:

Subd. 5. [USES OF REVENUE.] ~~(a)~~ General education revenue may be used during the regular school year and the summer for general and special school purposes.

~~(b) General education revenue may not be used:~~

~~(1) for premiums for motor vehicle insurance protecting against injuries or damages arising from the operation of district-owned, leased, or controlled vehicles to transport pupils for which state aid is authorized under section 124.223; or~~

~~(2) for any purpose for which the district may levy according to section 275.125, subdivision 5c.~~

Sec. 20. Minnesota Statutes 1990, section 124A.24, is amended to read:

124A.24 [GENERAL EDUCATION LEVY EQUITY.]

If a district's general education levy is determined according to section 124A.23, subdivision 3, an amount must be deducted from state aid authorized in this chapter and chapter 124, receivable for the same school year, and from other state payments receivable for the same school year authorized in chapter 273. The aid in section 124.646 must not be reduced.

The amount of the deduction equals the difference between:

(1) the general education tax rate, according to section 124A.23, times the district's adjusted net tax capacity used to determine the general education aid for the same school year; and

(2) the district's general education revenue, excluding supplemental revenue, for the same school year, according to section 124A.22.

However, ~~for fiscal year 1989, the amount of the deduction shall be one-fourth 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 four-sixths 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).

Sec. 21. Minnesota Statutes 1990, section 124A.26, subdivision 1, is amended to read:

Subdivision 1. [REVENUE REDUCTION.] A district's general education revenue for a school year shall be reduced if the estimated net unappropriated operating fund balance as of June 30 in the prior school year exceeds $600 times the fund balance pupil units in the prior year. This reduction does not apply to a district that is expecting a delinquency in property tax receipts of 15 percent or more in a fiscal year. For purposes of this subdivision only, fund balance pupil units means the number of resident pupil units in average daily membership ~~enrolled in the district~~, including shared time pupils, according to section 124A.02, subdivision 20, plus

(1) pupils attending the district for which general education aid adjustments are made according to section 124A.036, subdivision 5;

minus the sum of

(2) resident pupils attending other districts for which general education aid adjustments are made according to section 124A.036, subdivision 5, and ~~excluding~~ pupils for whom payment is made according to section 126.22, subdivision 8, or 126.23. The amount of the reduction shall equal the lesser of:

(1) the amount of the excess, or

(2) $150 times the actual pupil units for the school year.

The final adjustment payments made under section 124.195, subdivision 6, must be adjusted to reflect actual net operating fund balances as of June 30 of the prior school year.

Sec. 22. Minnesota Statutes 1990, section 124A.29, subdivision 1, is amended to read:

Subdivision 1. [~~GENERAL~~ STAFF DEVELOPMENT AND PARENTAL INVOLVEMENT PROGRAMS.] (a) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to ~~$10~~ $15 times the number of actual pupil units shall be reserved and may be used only to provide staff development programs for outcome-based education, according to section 126.70, subdivisions 1 and 2a. Staff development revenue may be used only for outcome-based education activities. The school board shall determine ~~which programs~~ the staff development activities to provide, the manner in which they will be provided, and the extent to which other ~~money~~ local funds may be used ~~for the programs~~ to supplement staff development activities that implement outcome-based education.

(b) Of a district's basic revenue under section 124A.22, subdivi-

sion 2, an amount equal to $5 times the number of actual pupil units must be reserved and may be used only to provide parental involvement programs that implement section 124C.61.

Sec. 23. Minnesota Statutes 1990, section 124A.30, is amended to read:

124A.30 [STATEWIDE AVERAGE REVENUE.]

By October 1 of each year the commissioner shall estimate the statewide average general education revenue per actual pupil unit and the range in general education revenue among pupils and districts by computing the difference between the fifth and ninety-fifth percentiles of general education revenue. The commissioner must provide that information to all school districts.

If the disparity in general education revenue as measured by the difference between the fifth and ninety-fifth percentiles increases in any year, the commissioner must propose a change in the general education formula that will limit the disparity in general education revenue to no more than the disparity for the previous school year. The commissioner must submit the proposal to the education committees of the legislature by January 15.

Sec. 24. Minnesota Statutes 1990, 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 in which 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 net tax capacity 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 net tax capacity 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 298.018; 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; or any law imposing a tax on severed mineral values 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, the increase over the amount established for 1987 shall be determined as if there had been an increase in the tax rate under section 298.24, subdivision 1, paragraph (b), according to the increase in the implicit price deflator. On July 15, 1989, 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) $175 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 1.8 percent times the district's taxable net tax capacity in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the sum of the amount certified pursuant to section 124A.03, subdivision ~~2~~ 1i, in the previous year, plus the amount certified pursuant to section 124A.03, subdivision 1k, in the previous year, plus the referendum aid according to section 124A.03, subdivision 1j, for the current year, to the product of 1.8 percent times the district's taxable net tax capacity 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 $175 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 general education aid which the district receives pursuant to section 124A.23 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.

Each district receiving money according to this paragraph shall reserve $25 times the number of pupil units in the district. It may use the money only for outcome-based learning programs that enhance the academic quality of the district's curriculum. The programs must be approved by the commissioner of education.

(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. 25. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] For general and supplemental education aid:

$1,627,203,000 1992

$1,751,698,000 1993

The 1992 appropriation includes $247,302,000 for 1991 and $1,379,901,000 for 1992.

The 1993 appropriation includes $257,848,000 for 1992 and $1,493,850,000 for 1993.

Sec. 26. [REPEALER.]

Minnesota Statutes 1990, section 122.531, subdivision 5, is repealed.

Sec. 27. [EFFECTIVE DATE.]

Section 8, subdivisions 1c, 1h, 1i, and 1j are effective July 1, 1992.

Section 23 is effective July 1, 1992 and applies beginning with the 1992-93 school year.

ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1990, section 124.223, subdivision 1, is amended to read:

Subdivision 1. [TO AND FROM SCHOOL; BETWEEN SCHOOLS.] (a) State transportation aid is authorized for 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 and from schools the resident pupils attend according to a program approved by the commissioner of education, or between the schools the resident pupils attend for instructional classes; 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; transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school. State transportation aid is not authorized for late transportation home from school for pupils involved in after school activities. State transportation aid is not authorized for summer program transportation except as provided in subdivision 8.

(b) For the purposes of this subdivision, a district may designate a licensed day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian 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.

(c) State transportation aid is authorized for transportation to and from school of an elementary pupil who moves during the school year within an area designated by the district as a mobility zone, but only for the remainder of the school year. The attendance areas of schools in a mobility zone must be contiguous. To be in a mobility zone, a school must meet both of the following requirements:

(i) more than 50 percent of the pupils enrolled in the school are eligible for free or reduced school lunch; and

(ii) the pupil withdrawal rate for the last year is more than 12 percent.

(d) A pupil withdrawal rate is determined by dividing:

(i) the sum of the number of pupils who withdraw from the school, during the school year, and the number of pupils enrolled in the school as a result of transportation provided under this paragraph, by

(ii) the number of pupils enrolled in the school.

(e) The district may establish eligibility requirements for individual pupils to receive transportation in the mobility zone.

Sec. 2. Minnesota Statutes 1990, section 124.223, subdivision 8, is amended to read:

Subd. 8. [SUMMER INSTRUCTIONAL PROGRAMS.] State transportation aid is authorized for services described in subdivisions 1 to 7, 9, and 10 when provided for handicapped pupils in conjunction with a summer program that meets the requirements of section 124A.27, subdivision 9. State transportation aid is authorized for services described in subdivision 1 when provided during the summer in conjunction with a learning year program established under section 121.585.

Sec. 3. Minnesota Statutes 1990, 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 paragraph ~~(e)~~ (c), clause (1), for which aid is authorized in section 124.223, plus

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

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

(4) 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) "Regular transportation allowance" for the 1989-1990 school year means the adjusted authorized predicted cost per FTE, inflated pursuant to subdivision 7b.~~

~~(e)~~ For purposes of this section, "transportation category" means a category of transportation service provided to pupils:

(1) regular transportation is transportation services provided during the regular school year under section 124.223, subdivisions 1 and 2, excluding the following transportation services provided under section 124.223, subdivision 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 transportation of elementary pupils to and from school within a mobility zone;

(2) nonregular transportation is transportation services provided under section 124.223, subdivision 1, that are excluded from the regular category, and transportation services provided under section 124.223, subdivisions 3, 4, 5, 6, 7, 8, 9, and 10;

(3) excess transportation is transportation to and from school during the regular school year for secondary pupils residing at least one mile but less than two miles from the public school they could attend or from the nonpublic school actually attended, and transportation to and from school for pupils residing less than one mile from school who are transported because of extraordinary traffic, drug, or crime hazards; and

(4) desegregation transportation is transportation during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the state board or under court order.

~~(f)~~ (d) "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.

~~(g)~~ (e) "Current year" means the school year for which aid will be paid.

~~(h)~~ (f) "Base year" means the second school year preceding the school year for which aid will be paid.

~~(i)~~ (g) "Base cost" ~~for the 1986-1987 and 1987-1988 base years 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 excess transportation as defined in paragraph (e), clause (3),~~

~~(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 FTE pupils transported in the excess category in the base year.~~

~~(j) Base cost for the 1988-1989 base year and later years~~ means the ratio of:

(1) the sum of the authorized cost in the base year for regular transportation as defined in clause (b) plus the actual cost in the base year for excess transportation as defined in clause ~~(e)~~ (c);

(2) to the sum of the number of weighted FTE pupils transported in the regular and excess categories in the base year.

~~(k) "Predicted base cost" for the 1986-1987 and 1987-1988 base years means the base cost as predicted by subdivision 3.~~

~~(l)~~ (h) "Predicted base cost" ~~for the 1988-1989 base year and later years~~ means the predicted base cost as computed in subdivision 3a.

~~(m)~~ (i) "Pupil weighting factor" for the excess transportation category for a school district means the lesser of one, or the result of the following computation:

(1) divide the square mile area of the school district by the number of FTE pupils transported in the regular and excess categories in the base year;

(2) raise the result in clause (1) to the one-fifth power;

(3) divide four-tenths by the result in clause (2).

The pupil weighting factor for the regular transportation category is one.

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

~~(o)~~ (k) "Sparsity index" for a school district means the greater of .005 or the ratio of the square mile area of the school district to the sum of the number of weighted FTE's transported by the district in the regular and excess categories in the base year.

~~(p)~~ (l) "Density index" for a school district means the greater of one or the result obtained by subtracting the product of the district's sparsity index times 20 from two.

~~(q)~~ (m) "Contract transportation index" for a school district means the greater of one or the result of the following computation:

(1) multiply the district's sparsity index by 20;

(2) select the lesser of one or the result in clause (1);

(3) multiply the district's percentage of regular FTE's transported in the current year using vehicles that are not owned by the school district by the result in clause (2).

~~(r)~~ (n) "Adjusted predicted base cost" ~~for the 1988-1989 base year and after~~ means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

~~(s)~~ (o) "Regular transportation allowance" ~~for the 1990-1991 school year and after~~ means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

~~(t) "Minimum regular transportation allowance" for the 1990-1991 school year and after means the result of the following computation:~~

~~(1) compute the sum of the district's basic transportation aid for the 1989-1990 school year according to subdivision 8a and the district's excess transportation levy for the 1989-1990 school year according to section 275.125, subdivision 5c, clause (a);~~

~~(2) divide the result in clause (1) by the sum of the number of~~

~~weighted FTE's transported by the district in the regular and excess transportation categories in the 1989-1990 school year;~~

~~(3) select the lesser of the result in clause (2) or the district's base cost for the 1989-1990 base year according to paragraph (j).~~

Sec. 4. Minnesota Statutes 1990, section 124.225, subdivision 3a, is amended to read:

Subd. 3a. [PREDICTED BASE COST.] A district's predicted base cost ~~for the 1988-1989 base year and later years~~ equals the result of the following computation:

(a) Multiply the transportation formula allowance by the district's sparsity index raised to the one-fourth power. The transportation formula allowance is ~~$406 for the 1988-1989 base year and~~ $421 for the 1989-1990 base year and $434 for the 1990-1991 base year.

(b) Multiply the result in clause (a) by the district's density index raised to the 35/100 power.

(c) Multiply the result in clause (b) by the district's contract transportation index raised to the 1/20 power.

Sec. 5. Minnesota Statutes 1990, section 124.225, subdivision 7a, is amended to read:

Subd. 7a. [BASE YEAR SOFTENING FORMULA.] ~~Each district's predicted base cost determined for the 1986-1987 and 1987-1988 base years according to subdivision 3 shall be adjusted as provided in this subdivision to determine the district's adjusted authorized predicted cost per FTE for that year.~~

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

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

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

~~shall a district's adjusted authorized predicted cost per FTE be more than 120 percent of base cost.~~

~~(d) For the 1988-1989 base year and later years,~~ Each district's predicted base cost determined according to subdivision 3a must be adjusted as provided in this subdivision to determine the district's adjusted predicted base cost for that year. The adjusted predicted base cost equals 50 percent of the district's base cost plus 50 percent of the district's predicted base cost, but the adjusted predicted base cost cannot be less than 80 percent, nor more than 110 percent, of the base cost.

Sec. 6. Minnesota Statutes 1990, 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 4.1 percent to determine the district's regular transportation allowance for the 1988-1989 school year and by 5.8 percent to determine the district's regular transportation allowance for the 1989-1990 school year.~~ The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by ~~5.4~~ 4.0 percent to determine the district's regular transportation allowance for the ~~1990-1991~~ 1991-1992 school year and by 2.0 percent to determine the district's regular transportation allowance for the 1992-1993 school year, but the regular transportation allowance for a district cannot be less than the district's minimum regular transportation allowance according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t).

Sec. 7. Minnesota Statutes 1990, section 124.225, subdivision 7d, is amended to read:

Subd. 7d. [TRANSPORTATION REVENUE.] ~~Beginning in the 1990-1991 school year, the~~ Transportation revenue for each district equals the sum of the district's regular transportation revenue and the district's nonregular transportation revenue.

(a) The regular transportation revenue for each district equals the district's regular transportation allowance according to subdivision 7b times the sum of the number of FTE's transported by the district in the regular and desegregation categories in the current school year.

(b) The nonregular transportation revenue for each district for the 1991-1992 school year equals the lesser of the district's actual costs in the 1991-1992 school year for nonregular transportation services or the product of the district's actual cost in the ~~current~~ 1990-1991 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (c), times the

ratio of the district's average daily membership for the 1991-1992 school year to the district's average daily membership for the 1990-1991 school year according to section 124.17, subdivision 2, times 1.041, minus the amount of regular transportation revenue attributable to FTE's transported in the desegregation category in the current school year, plus the excess nonregular transportation revenue for the 1991-1992 school year according to subdivision 7e.

(c) For the 1992-1993 and later school years, the nonregular transportation revenue for each district equals the lesser of the district's actual cost in the current school year for nonregular transportation services or the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year according to section 124.17, subdivision 2, times the nonregular transportation inflation factor for the current year, minus the amount of regular transportation revenue attributable to FTE's transported in the desegregation category in the current school year, plus the excess nonregular transportation revenue for the current year according to subdivision 7e. The nonregular transportation inflation factor for the 1992-1993 school year is 1.084.

Sec. 8. Minnesota Statutes 1990, section 124.225, is amended by adding a subdivision to read:

Subd. 7e. [EXCESS NONREGULAR TRANSPORTATION REVENUE.] (a) A district's excess nonregular transportation revenue for the 1991-1992 school year equals an amount equal to 80 percent of the difference between:

(1) the district's actual cost in the 1991-1992 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (c), and

(2) the product of the district's actual cost in the 1990-1991 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (c), times 1.15, times the ratio of the district's average daily membership for the 1991-1992 school year to the district's average daily membership for the 1990-1991 school year.

(b) A district's excess nonregular transportation revenue for the 1992-1993 school year and later school years equals an amount equal to 80 percent of the difference between:

(1) the district's actual cost in the current year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), and

(2) the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), times 1.30, times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year.

(c) The state total excess nonregular transportation revenue must not exceed $2,000,000 for the 1991-1992 school year and $2,000,000 for the 1992-1993 school year. If the state total revenue according to paragraph (a) or (b) exceeds the limit set in this paragraph, the excess nonregular transportation revenue for each district equals the district's revenue according to paragraph (a) or (b), times the ratio of the limitation set in this paragraph to the state total revenue according to paragraph (a) or (b).

Sec. 9. Minnesota Statutes 1990, section 124.225, subdivision 8a, is amended to read:

Subd. 8a. [TRANSPORTATION AID.] (a) ~~For the 1988-1989 and 1989-1990 school years, 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, and its nonregular transportation levy equalization aid under subdivision 8j, minus its contracted services aid reduction under subdivision 8k and minus its basic transportation levy limitation for the levy attributable to that school year under section 275.125, subdivision 5.~~

~~(b) For 1990-1991 and later school years,~~ A district's transportation aid equals the product of:

(1) the difference between the transportation revenue and the sum of:

(i) the maximum basic transportation levy for that school year under section 275.125, subdivision 5, plus

(ii) the maximum nonregular transportation levy for that school year under section 275.125, subdivision 5c, plus

(iii) the contracted services aid reduction under subdivision 8k,

(2) times the ratio of the sum of the actual amounts levied under section 275.125, subdivisions 5 and 5c, to the sum of the permitted maximum levies under section 275.125, subdivisions 5 and 5c.

(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 transportation levy of off-formula districts in the same proportion.

Sec. 10. Minnesota Statutes 1990, section 124.225, subdivision 8k, is amended to read:

Subd. 8k. [CONTRACTED SERVICES AID REDUCTION.] (a) Each year, a district's transportation aid shall be reduced according to the provisions of this subdivision, if the district contracted for some or all of the transportation services provided in the regular category.

(b) ~~For the 1988-1989 and 1989-1990 school years, the department of education shall compute this subtraction by conducting the multiple regression analysis specified in subdivision 3 and computing the district's aid under two circumstances, once including the coefficient of the factor specified in subdivision 4b, clause (3), and once excluding the coefficient of that factor. The aid subtraction shall equal the difference between the district's aid computed under these two circumstances.~~

~~(c) For 1990-1991 and later school years,~~ The department of education shall determine the subtraction by computing the district's regular transportation revenue, excluding revenue based on the district's minimum regular transportation allowance according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t), under two circumstances, once including the factor specified in subdivision 3a, clause (c), and once excluding the factor. The aid subtraction equals the difference between the district's revenue computed under the two circumstances.

Sec. 11. Minnesota Statutes 1990, section 124.225, subdivision 10, is amended to read:

Subd. 10. [DEPRECIATION.] Any school district that owns school buses or mobile units shall transfer annually from the undesignated fund balance account in its transportation fund to the reserved fund balance account for bus purchases in its transportation fund at least an amount equal to 12-1/2 percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, paragraph (b), clause (4), until the original cost of each type three bus is fully amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid or levy 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 district's transportation revenue under subdivision ~~7e~~ 7d.

Sec. 12. Minnesota Statutes 1990, section 275.125, subdivision 5, is amended to read:

Subd. 5. [BASIC TRANSPORTATION LEVY.] Each year, a school district may levy for school transportation services an amount not to exceed the amount raised by the basic transportation tax rate times the adjusted net tax capacity of the district for the preceding year. ~~The basic transportation tax rate for fiscal year 1991 is 2.04 percent. Beginning in 1990,~~ The commissioner of revenue shall establish the basic transportation tax rate and certify it to the commissioner of education by July 1 of each year for levies payable in the following year. The basic transportation tax rate shall be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity of taxable property for all districts, raises the amount specified in this subdivision. The basic transportation tax rate for transportation shall be the rate that raises ~~$66,700,000~~ $57,700,000 for fiscal year 1993 and $61,000,000 for fiscal year ~~1992~~ 1994 and subsequent fiscal years. The basic transportation tax rate certified by the commissioner of revenue must not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been certified.

Sec. 13. Minnesota Statutes 1990, section 275.125, subdivision 5b, is amended to read:

Subd. 5b. [TRANSPORTATION LEVY OFF-FORMULA ADJUSTMENT.] ~~(a) In the 1989 and 1990 fiscal years, if the basic transportation levy under subdivision 5 in a district attributable to the fiscal year exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, the district's levy limitation shall be adjusted as provided in this subdivision. In the second year following each fiscal year, the district's transportation levy shall be reduced by an amount equal to the difference between (1) the amount of the basic transportation levy under subdivision 5, and (2) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, and the amount of any subtraction made from special state aids pursuant to section 124.2138, subdivision 2, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.~~

~~(b) For 1991 and later fiscal years,~~ In a district if the basic transportation levy under subdivision 5 attributable to that fiscal year is more than the difference between (1) the district's transportation revenue under section 124.225, subdivision ~~7e~~ 7d, and (2) the sum of the district's maximum nonregular levy under subdivision 5c and the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to

insufficient appropriation under section 124.225, subdivision 8a, the district's transportation levy in the second year following each fiscal year must be reduced by the amount of the excess.

Sec. 14. Minnesota Statutes 1990, section 275.125, subdivision 5c, is amended to read:

Subd. 5c. [NONREGULAR TRANSPORTATION LEVY.] A school district may also make a levy for unreimbursed nonregular transportation costs pursuant to this subdivision. The amount of the levy shall be the result of the following computation:

(a) multiply

(1) the amount of the district's nonregular transportation revenue under section 124.225, subdivision ~~7e~~ 7d, that is more than the product of ~~$30~~ $60 times the district's ~~actual pupil units~~ average daily membership, by

(2) ~~60~~ 50 percent;

(b) subtract the result in clause (a) from the district's total nonregular transportation revenue;

(c) multiply the result in clause (b) by the lesser of one or the ratio of (i) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the ~~actual pupil units~~ average daily membership in the district for the school year to which the levy is attributable, to (ii) ~~$7,258~~ $8,000.

Sec. 15. [LEVY ADJUSTMENT.]

The department of education shall adjust the 1991 levy for each school district by the amount of the change in the district's nonregular transportation levy for fiscal year 1992 according to Minnesota Statutes, section 275.125, subdivision 5c, resulting from the changes to nonregular transportation revenue and levy under sections 2 and 4. Notwithstanding Minnesota Statutes, section 121.904, the entire amount of this levy must be recognized as revenue for fiscal year 1992.

Sec. 16. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [TRANSPORTATION AID.] For transportation aid according to Minnesota Statutes, section 124.225:

$114,317,000 1992

$126,380,000 1993

The 1992 appropriation includes $17,679,000 for 1991 and $96,638,000 for 1992.

The 1993 appropriation includes $17,053,000 for 1992 and $109,327,000 for 1993.

Subd. 3. [TRANSPORTATION AID FOR POST-SECONDARY ENROLLMENT OPTIONS.] For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 123.3514:

$72,000 1992

$75,000 1993

Subd. 4. [TRANSPORTATION AID FOR ENROLLMENT OPTIONS.] For transportation of pupils attending nonresident districts according to Minnesota Statutes, section 120.0621:

$25,000 1992

$25,000 1993

Subd. 5. [TRANSFER AUTHORITY.] If the appropriation in subdivision 3 or 4 for either year exceeds the amount needed to pay the state's obligation for that year under that subdivision, the excess amount may be used to make payments for that year under the other subdivision.

Subd. 6. [TRANSFER AUTHORITY: FISCAL YEAR 1990 APPROPRIATION.] If the appropriation in Laws 1989, chapter 329, article 2, section 8, subdivision 3 or 4 for fiscal year 1990, exceeds the amount needed to pay the state's obligation under that subdivision, the excess amount may be used to make payments under the other subdivision.

Sec. 17. [REPEALER.]

Minnesota Statutes 1990, section 124.225, subdivisions 3, 4b, 7c, 8b, 8i, and 8j, are repealed.

Sec. 18. [EFFECTIVE DATE.]

Section 16, subdivision 6, is effective the day following final enactment.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1990, 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)~~ (e) at the district's initiative;

(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 an opportunity for conciliation shall be deemed to be satisfied;

(d) The commissioner shall establish a mediation process to assist parents, school districts, or other parties to resolve disputes arising out of the identification, assessment, or educational placement of handicapped children. The mediation process must be offered as an informal alternative to the due process hearing provided under clause (e), but must not be used to deny or postpone the opportunity of a parent or guardian to obtain a due process hearing.

(e) Parents, guardians, and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted

by and in the school district responsible for assuring that an appropriate program is provided in accordance with state board rules, if 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)~~ (f) The decision of the hearing officer pursuant to clause ~~(d)~~ (e) 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)~~ (g).

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)~~ (g) Any local decision issued pursuant to clauses ~~(d)~~ (e) and ~~(e)~~ (f) may be appealed to the hearing review officer within 30 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district responsible for assuring that an appropriate program is provided in accordance with state board rules.

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 independent decision based on an impartial review of the local decision and the entire record within ~~30~~ 60 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)~~ (h) 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)~~ (i) The commissioner of education~~, having delegated general supervision of special education to the appropriate staff,~~ shall ~~be~~ select an individual who has the qualifications enumerated in this paragraph to serve as the hearing review officer ~~except for appeals in which~~:

(1) the ~~commissioner has~~ individual must be knowledgeable and impartial;

(2) the individual must not have a personal interest in or specific involvement with the student who is a party to the hearing;

~~(2)~~ (3) the ~~commissioner has~~ individual must not have been employed as an administrator by the district that is a party to the hearing;

~~(3)~~ (4) the ~~commissioner has~~ individual must not have been involved in the selection of the administrators of the district that is a party to the hearing;

~~(4)~~ (5) the ~~commissioner has~~ individual must not have 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)~~ (6) the ~~appeal challenges~~ individual must not have substantial involvement in the development of a state or local policy ~~which was developed with substantial involvement of the commissioner;~~ or procedures that are challenged in the appeal;

~~(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~~ and

(7) the individual is not a current employee or board member of a Minnesota public school district, education district, intermediate unit or regional education agency, the state department of education, the state board of education, or a parent advocacy organization or group.

(j) 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)~~ (k) 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)~~ (l) The child's school district of residence, a resident district, and providing district shall receive notice of and may be a party to any hearings or appeals under this subdivision.

Sec. 2. Minnesota Statutes 1990, 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 state academy for the deaf or the Minnesota 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, subdivision 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 cost of providing the program. The amount of tuition charged shall not exceed the basic revenue of the district for that child, for the amount of time the child is in the program. For purposes of this subdivision, "basic revenue" has the meaning given it in section 124A.22, subdivision 2. The district of the child's residence shall pay the tuition and may claim general education 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, except for tuition received under clause (c), shall be deposited in the state treasury as provided in clause (g).

(c) In addition to the tuition charge allowed in clause (b), the academies may charge the child's district of residence for the academy's unreimbursed cost of providing an instructional aide assigned to that child, if that aide is required by the child's individual education plan. Tuition received under this clause must be used by the academies to provide the required service.

~~(c)~~ (d) When it is determined that the child can benefit from public school enrollment but that the child should also remain in atten-

dance 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)~~ (e) Notwithstanding the provisions of clauses (b) and ~~(c)~~ (d), 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)~~ (d) for providing appropriate educational programs to pupils attending the applicable school.

~~(e)~~ (f) Notwithstanding the provisions of clauses (b) and ~~(c)~~ (d), the state board may agree to supply staff from the Minnesota state academy for the deaf and the Minnesota 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.

(g) On May 1 of each year, the state board shall count the actual number of elementary students and the actual number of secondary students enrolled and receiving education services at the Minnesota state academy for the deaf and the Minnesota state academy for the blind. The state board shall deposit in the state treasury an amount equal to all tuition received less:

(1) the total number of students on May 1 less 175, times the ratio of the number of elementary students to the total number of students on May 1, times the general education formula allowance; plus

(2) the total number of students on May 1 less 175, times the ratio of the number of secondary students on May 1 to the total number of students on May 1, times 1.3, times the general education formula allowance.

(h) The sum provided by the calculation in clause (g), subclauses (1) and (2), must be deposited in the state treasury and credited to the general operation account of the academy for the deaf and the academy for the blind.

(i) There is annually appropriated to the department of education

for the Faribault academies the tuition amounts received and credited to the general operation account of the academies under this section.

Sec. 3. Minnesota Statutes 1990, section 120.181, is amended to read:

120.181 [TEMPORARY PLACEMENTS FOR CARE AND TREATMENT OF NONHANDICAPPED PUPILS.]

The responsibility for providing instruction and transportation for a nonhandicapped pupil who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the state board, and who is temporarily placed for care and treatment for that illness or disability, shall be determined in the following manner:

(a) The school district of residence of the pupil shall be the district in which the pupil's parent or guardian resides or the district designated by the commissioner of education if neither parent nor guardian is living within the state.

(b) Prior to the placement of a pupil for care and treatment, the district of residence shall be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, shall notify the district of residence of the emergency placement within 15 days of the placement.

(c) When a nonhandicapped pupil is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence shall provide instruction and necessary transportation for the pupil. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district.

(d) When a nonhandicapped pupil is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed shall provide instruction for the pupil and necessary transportation within that district while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district shall bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs. When a nonhandicapped pupil is temporarily placed in a residential program outside the district of residence, the administrator of the court

placing the pupil shall send timely written notice of the placement to the district of residence.

(e) The district of residence shall receive general education aid for the pupil and pay tuition and other instructional costs, excluding transportation costs, to the district providing the instruction. Transportation costs shall be paid by the district providing the transportation and the state shall pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision shall be included in the handicapped transportation category.

Sec. 4. Minnesota Statutes 1990, section 124.273, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS SALARIES.] Each 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 ~~61~~ 55.2 percent of the salary or ~~$17,000~~ $15,320. The portion for a part-time or limited-time teacher shall be the lesser of ~~61~~ 55.2 percent of the salary or the product of ~~$17,000~~ $15,320 times the ratio of the person's actual employment to full-time employment.

Sec. 5. Minnesota Statutes 1990, section 124.311, subdivision 4, is amended to read:

Subd. 4. [ELIGIBLE SERVICES.] Assurance of mastery revenue must be used to provide direct instructional services to an eligible pupil, or group of eligible pupils, under the following conditions:

(a) Instruction may be provided at one or more grade levels from kindergarten through grade 8. If an assessment of pupils' needs within a district demonstrates that the eligible pupils in grades kindergarten through 8 are being appropriately served, a district may serve eligible pupils in grades 9 through 12 upon the approval of the department.

(b) Instruction must be provided in the usual and customary classroom of the eligible pupil.

(c) Instruction must be provided under the supervision of the eligible pupil's regular classroom teacher. Instruction may be provided by the eligible pupil's classroom teacher, by another teacher, by a team of teachers, or by an education assistant or aide. A special education teacher may provide instruction, but instruction that is

provided under this section is not eligible for aid under section 124.32.

(d) The instruction that is provided must differ from the initial instruction the pupil received in the regular classroom setting. The instruction may differ by presenting different curriculum than was initially presented in the regular classroom, or by presenting the same curriculum:

(1) at a different rate or in a different sequence than it was initially presented;

(2) using different teaching methods or techniques than were used initially; or

(3) using different instructional materials than were used initially.

Sec. 6. Minnesota Statutes 1990, section 124.32, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS SALARIES.] (a) Each 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 state shall also pay to the Minnesota state academy for the deaf or the Minnesota state academy for the blind a part of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan.

(b) For the 1991-1992 school year, the portion for a full-time person shall be an amount not to exceed the lesser of ~~60~~ 56.4 percent of the salary or ~~$16,727~~ $15,700. The portion for a part-time or limited-time person shall be an amount not to exceed the lesser of ~~60~~ 56.4 percent of the salary or the product of ~~$16,727~~ $15,700 times the ratio of the person's actual employment to full-time employment.

(c) For the 1992-1993 school year and thereafter, the portion for a full-time person is an amount not to exceed the lesser of 55.2 percent of the salary or $15,320. The portion for a part-time or limited-time person is an amount not to exceed the lesser of 55.2 percent of the salary or the product of $15,320 times the ratio of the person's actual employment to full-time employment.

Sec. 7. Minnesota Statutes 1990, section 124.32, subdivision 10, is amended to read:

Subd. 10. [SUMMER SCHOOL.] The state shall pay aid for summer school programs for handicapped children on the basis of

subdivisions 1b, 1d, and 5 for the ~~preceding~~ current school year. The state shall also pay to the Minnesota state academy for the deaf or the Minnesota state academy for the blind a part of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan. 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.

Sec. 8. [124.321] [SPECIAL EDUCATION LEVY REVENUE.]

Subdivision 1. [SPECIAL EDUCATION LEVY REVENUE.] For fiscal year 1992 and thereafter, special education levy revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

(1) 66 percent of the 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, for the year to which the levy is attributable, plus

(2) 61 percent of the salaries paid to limited English proficiency program teachers in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable, plus

(3) the amount allocated to the district by special education cooperatives or intermediate districts in which it participates according to subdivision 2.

Subd. 2. [REVENUE ALLOCATION FROM COOPERATIVES AND INTERMEDIATE DISTRICTS.] (a) For purposes of this section, a special education cooperative or an intermediate district shall allocate to participating school districts the sum of the following amounts:

(1) 66 percent of the salaries paid to essential personnel in that cooperative or intermediate district minus the amount of state aid and any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10, and 124.574, subdivision 2b, for the year to which the levy is attributable, plus

(2) 61 percent of the salaries paid to limited English proficiency

program teachers in that cooperative or intermediate district minus the amount of state aid and any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable.

(b) A special education cooperative or an intermediate district that allocates amounts to participating school districts under this subdivision must report the amounts allocated to the department of education.

(c) For purposes of this subdivision, the Minnesota state academy for the deaf or the Minnesota state academy for the blind each year shall allocate an amount equal to 66 percent of salaries paid to instructional aides in either academy minus the amount of state aid and any federal aid, if applicable, paid to either academy for salaries of these instructional aides under sections 124.32, subdivisions 1b and 10, for the year to each school district that assigns a child with an individual education plan requiring an instructional aide to attend either academy. The school districts that assign a child who requires an instructional aide may make a levy in the amount of the costs allocated to them by either academy.

(d) When the Minnesota state academy for the deaf or the Minnesota state academy for the blind allocates unreimbursed portions of salaries of instructional aides among school districts that assign a child who requires an instructional aide, for purposes of the districts making a levy under this subdivision, the academy shall provide information to the department of education on the amount of unreimbursed costs of salaries it allocated to the school districts that assign a child who requires an instructional aide.

Subd. 3. [SPECIAL EDUCATION LEVY.] To receive special education levy revenue for fiscal year 1993 and each year thereafter, a district may levy an amount equal to the district's special education levy revenue as defined in subdivision 1 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) $3,435.

Subd. 4. [SPECIAL EDUCATION LEVY EQUALIZATION AID.] For fiscal year 1993 and thereafter, a district's special education levy equalization aid is the difference between its special education levy revenue and its special education levy. If a district does not levy the entire amount permitted, special education levy equalization aid must be reduced in proportion to the actual amount levied.

Subd. 5. [PRORATION.] In the event that the special education levy equalization aid 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. 9. Minnesota Statutes 1990, section 124.332, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A district is eligible for individualized learning and development aid if the school board of the district has adopted a district instructor-learner ratio specified by the district's curriculum advisory committee and submits its ratio to the department of education by the April 15, ~~1990~~ preceding the year for which the district will receive aid.

Sec. 10. Minnesota Statutes 1990, section 124.332, subdivision 2, is amended to read:

Subd. 2. [AID AMOUNT.] An eligible district shall receive individualized learning and development aid in an amount equal to ~~$62.25~~ $66 times the district's average daily membership in kindergarten and grade 1 for the 1990-1991 school year, in kindergarten to grade 2 for the 1991-1992 school year, and in kindergarten to grade 3 for the 1992-1993 school year and thereafter. Aid received under this subdivision must be used only to achieve the district's instructor-learner ratios and prepare and use individualized learning plans for learners in ~~kindergarten and grade 1~~ the grades for which the district is receiving aid. If the district has achieved and is maintaining the district's instructor-learner ratios, then the district may use the aid to work to improve program offerings throughout the district.

Sec. 11. Minnesota Statutes 1990, section 124.573, subdivision 2b, is amended to read:

Subd. 2b. [SECONDARY VOCATIONAL AID.] ~~For 1989-1990 and later school years,~~ A district's or cooperative center's "secondary vocational aid" for secondary vocational education programs for a ~~school~~ fiscal year equals the sum of the following amounts for each program:

(a) the greater of zero, or 75 percent of the difference between:

(1) the salaries paid to essential, licensed personnel in that school year for services rendered in that program, and

(2) 50 percent of the general education revenue attributable to secondary pupils for the number of hours that the pupils are enrolled in that program; and

(b) ~~30~~ 40 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.

Sec. 12. Minnesota Statutes 1990, section 124.573, subdivision 3a, is amended to read:

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.

Sec. 13. Minnesota Statutes 1990, section 124.574, subdivision 2b, is amended to read:

Subd. 2b. [SALARIES.] Each 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~~ fiscal year for services rendered in that district or center's secondary vocational education programs for handicapped children.

(a) For fiscal year 1992, the portion for a full-time person shall be an amount not to exceed the lesser of ~~60~~ 56.4 percent of the salary or

~~$16,727~~ $15,700. The portion for a part-time or limited-time person shall be the lesser of ~~60~~ 56.4 percent of the salary or the product of ~~$16,727~~ $15,700 times the ratio of the person's actual employment to full-time employment.

(b) For fiscal year 1993 and thereafter, the portion for a full-time person is an amount not to exceed the lesser of 55.2 percent of the salary or $15,320. The portion for a part-time or limited-time person is the lesser of 55.2 percent of the salary or the product of $15,320 times the ratio of the person's actual employment to full-time employment.

Sec. 14. Minnesota Statutes 1990, section 124.86, subdivision 2, is amended to read:

Subd. 2. [REVENUE AMOUNT.] An American Indian-controlled contract or grant school that is located on a reservation within the state and that complies with the requirements in subdivision 1 is eligible to receive tribal contract or grant school aid. The amount of aid is derived by:

(1) multiplying ~~the formula allowance under section 124A.22, subdivision 2,~~ $2,868 times the difference between (a) the actual pupil units as defined in section 124A.02, subdivision 15, in attendance during the fall count week and (b) the number of pupils for the current school year, weighted according to section 124.17, subdivision 1, receiving benefits under section 123.933 or 123.935 or for which the school is receiving reimbursement under section 126.23;

(2) subtracting from the result in clause (1) the amount of money allotted to the school by the federal government through the Indian School Equalization Program of the Bureau of Indian Affairs, according to Code of Federal Regulations, title 25, part 39, subparts A to E, for the basic program as defined by section 39.11, paragraph (b), for the base rate as applied to kindergarten through twelfth grade, excluding additional weighting, but not money allotted through subparts F to L for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and operation and maintenance, and the amount of money that is received according to section 126.23;

(3) dividing the result in clause (2) by the actual pupil units; and

(4) multiplying the actual pupil units by the lesser of $1,500 or the result in clause (3).

Sec. 15. Minnesota Statutes 1990, section 127.29, is amended by adding a subdivision to read:

Subd. 3. [HANDICAPPED STUDENTS.] When a handicapped student with an individual education plan is dismissed under sections 127.26 to 127.39, the district shall use the procedures for decisions under section 120.17, subdivisions 3a and 3b to modify the handicapped student's individual education plan where appropriate to ensure that the student receives appropriate educational services during the period of dismissal.

Sec. 16. Minnesota Statutes 1990, section 245A.03, subdivision 2, is amended to read:

Subd. 2. [EXCLUSION FROM LICENSURE.] Sections 245A.01 to 245A.16 do not apply to:

(1) residential or nonresidential programs that are provided to a person by an individual who is related;

(2) nonresidential programs that are provided by an unrelated individual to persons from a single related family;

(3) residential or nonresidential programs that are provided to adults who do not abuse chemicals or who do not have a chemical dependency, a mental illness, mental retardation or a related condition, a functional impairment, or a physical handicap;

(4) sheltered workshops or work activity programs that are certified by the commissioner of jobs and training;

(5) programs for children enrolled in kindergarten to the 12th grade and prekindergarten regular and special education programs that are operated by the commissioner of education or a school as defined in section 120.101, subdivision 4;

(6) nonresidential programs for children that provide care or supervision for periods of less than three hours a day while the child's parent or legal guardian is in the same building or present on property that is contiguous with the physical facility where the nonresidential program is provided;

(7) nursing homes or hospitals licensed by the commissioner of health except as specified under section 245A.02;

(8) board and lodge facilities licensed by the commissioner of health that provide services for five or more persons whose primary diagnosis is mental illness who have refused an appropriate residential program offered by a county agency. This exclusion expires on July 1, 1990;

(9) homes providing programs for persons placed there by a

licensed agency for legal adoption, unless the adoption is not completed within two years;

(10) programs licensed by the commissioner of corrections;

(11) recreation programs for children or adults that operate for fewer than 40 calendar days in a calendar year;

(12) programs whose primary purpose is to provide social or recreational activities for adults or school-age children, such as scouting, boys clubs, girls clubs, sports, or the arts; except that a program operating in a school building is not excluded unless it is approved by the district's school board;

(13) head start nonresidential programs which operate for less than 31 days in each calendar year;

(14) noncertified boarding care homes unless they provide services for five or more persons whose primary diagnosis is mental illness or mental retardation;

(15) nonresidential programs for nonhandicapped children provided for a cumulative total of less than 30 days in any 12-month period;

(16) residential programs for persons with mental illness, that are located in hospitals, until the commissioner adopts appropriate rules;

(17) the religious instruction of school-age children; Sabbath or Sunday schools; or the congregate care of children by a church, congregation, or religious society during the period used by the church, congregation, or religious society for its regular worship;

(18) camps licensed by the commissioner of health under Minnesota Rules, chapter 4630;

(19) mental health outpatient services for adults with mental illness or children with emotional disturbance; or

(20) residential programs serving school-age children whose sole purpose is cultural or educational exchange, until the commissioner adopts appropriate rules.

Sec. 17. [1992 SPECIAL EDUCATION LEVY ADJUSTMENT.]

A district's maximum special education levy for fiscal year 1992 equals the district's special education levy revenue for fiscal year 1992 according to section 8. A district may levy for taxes payable in 1992 an amount equal to the difference between its maximum

special education levy for fiscal year 1992 and the amount it levied for taxes payable in 1991 under Minnesota Statutes, section 275.125, subdivision 8c. Notwithstanding Minnesota Statutes, section 121.904, the entire amount of this levy must be recognized as revenue for fiscal year 1992.

Sec. 18. [TASK FORCE ON EDUCATION AND EMPLOYMENT TRANSITIONS.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "education and employment transitions" means those processes and structures that provide an individual with awareness of employment opportunities, demonstrate the relationship between education and employment and the applicability of education to employment, identify an individual's employment interests, and assist the individual to make transitions between education and employment.

Subd. 2. [TASK FORCE ON EDUCATION AND EMPLOYMENT TRANSITIONS.] The state council on vocational technical education shall establish a task force on education and employment transitions.

Subd. 3. [PLAN.] The task force shall develop a statewide plan for implementing programs for education and employment transitions. The plan shall identify:

(1) existing public and private efforts in Minnesota that assist students to make successful transitions between education and employment;

(2) programs in other states and countries that are successfully preparing individuals for employment;

(3) how to overcome barriers that may prevent public and private collaboration in planning and implementing programs for education and employment transitions;

(4) the role of public and private groups in education and employment transitions;

(5) new processes and structures to implement statewide programs for education and employment transitions;

(6) how to integrate programs for education and employment transitions and outcome-based education initiatives;

(7) how to implement programs for education and employment transitions in Minnesota; and

(8) models for administrative and legislative action.

Subd. 4. [MEMBERSHIP.] The task force shall include:

(1) the members of the higher education advisory council under Minnesota Statutes, section 136A.02, subdivision 6, or members' designees;

(2) the executive director of the higher education coordinating board or the executive director's designee;

(3) the commissioner of jobs and training or the commissioner's designee;

(4) the commissioner of trade and economic development or the commissioner's designee;

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

(6) the commissioner of labor and industry or the commissioner's designee;

(7) up to ten members who represent the interests of education, labor, business, agriculture, trade associations, local service units, private industry councils, and appropriate community groups selected by the state council on vocational technical education;

(8) two members from the house of representatives, appointed by the speaker of the house of representatives, one member from each political party; and

(9) two members from the senate, appointed by the subcommittee on committees of the committee on rules and administration, one member from each political party.

Subd. 5. [PLAN DESIGN.] The state council on vocational technical education shall select up to nine members appointed to the task force who represent the interests of business, labor, community, and education to serve as a plan design group to develop the plan described in subdivision 2. The task force shall make recommendations to the plan design group on the merits of the plan design.

Subd. 6. [ASSISTANCE OF AGENCIES.] Task force members may request information and assistance from any state agency or office to enable the task force to perform its duties.

Subd. 7. [REPORT AND RECOMMENDATION.] The task force shall provide an interim report describing its progress to the

legislature by February 15, 1992. The task force shall report its plan and recommendations to the legislature by January 15, 1993.

Sec. 19. [APPROPRIATION.]

Subdivision 1. [STATE BOARD OF TECHNICAL COLLEGES.] The sums indicated in this section are appropriated from the general fund to the state board of technical colleges for the state council on vocational technical education for the fiscal years designated.

Subd. 2. [TASK FORCE ON TRANSITIONAL LEARNING PROGRAMS.] For carrying out the purposes of section 17:

$40,000 1992

Any unexpended balance for fiscal year 1992 does not cancel but is available for fiscal year 1993.

Subd. 3. [ADDITIONAL RESOURCES.] The commissioner of education and the chancellor of the technical college system shall provide additional resources, as necessary, through the use of money appropriated to the state under the Carl D. Perkins Act of 1990, title II, part A, section 201.

Sec. 20. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [SPECIAL EDUCATION AID.] For special education aid according to Minnesota Statutes, section 124.32:

$167,105,000 1992

$167,238,000 1993

The 1992 appropriation includes $24,996,000 for 1991 and $142,109,000 for 1992.

The 1993 appropriation includes $25,078,000 for 1992 and $142,160,000 for 1993.

Subd. 3. [SPECIAL PUPIL AID.] For special education aid according to Minnesota Statutes, section 124.32, subdivision 6, for pupils with handicaps placed in residential facilities within the district boundaries for whom no district of residence can be determined:

$395,000 1992

$436,000 1993

If the appropriation for either year is insufficient, the appropriation for the other year is available. If the appropriations for both years are insufficient, the appropriation for special education aid may be used to meet the special pupil obligations.

Subd. 4. [SUMMER SPECIAL EDUCATION AID.] For special education summer program aid according to Minnesota Statutes, section 124.32, subdivision 10:

$4,885,000 1992

$4,865,000 1993

The 1992 appropriation is for 1991 summer programs.

The 1993 appropriation is for 1992 summer programs.

Subd. 5. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services according to Minnesota Statutes, section 124.32, subdivision 2b:

$66,000 1992

$71,000 1993

The 1992 appropriation includes $7,000 for 1991 and $59,000 for 1992.

The 1993 appropriation includes $10,000 for 1992 and $61,000 for 1993.

Subd. 6. [RESIDENTIAL FACILITIES AID.] For residential facilities aid under aid according to Minnesota Statutes, section 124.32, subdivision 5:

$2,315,000 1992

$2,535,000 1993

Subd. 7. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] For aid to educational programs for pupils of limited English proficiency according to Minnesota Statutes, section 124.273:

$3,853,000 1992

$3,994,000 1993

The 1992 appropriation includes $512,000 for 1991 and $3,341,000 for 1992.

The 1993 appropriation includes $589,000 for 1992 and $3,405,000 for 1993.

Subd. 8. [AMERICAN INDIAN SCHOLARSHIPS.] For American Indian scholarships according to Minnesota Statutes, section 124.48:

$1,582,000 1992

$1,582,000 1993

Any balance in the first year does not cancel but is available in the second year.

Subd. 9. [AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS.] For American Indian post-secondary preparation grants according to Minnesota Statutes, section 124.481:

$857,000 1992

$857,000 1993

Any balance in the first year does not cancel but is available in the second year.

Subd. 10. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAMS.] For grants to American Indian language and culture education programs according to Minnesota Statutes, section 126.54, subdivision 1:

$591,000 1992

$590,000 1993

The 1992 appropriation includes $89,000 for 1991 and $502,000 for 1992.

The 1993 appropriation includes $88,000 for 1992 and $502,000 for 1993.

Any balance in the first year does not cancel but is available in the second year.

Subd. 11. [AMERICAN INDIAN EDUCATION.] (a) For certain American Indian education programs in school districts there is appropriated:

$175,000 1992

$175,000 1993

The 1992 appropriation includes $26,000 for 1991 and $149,000 for 1992.

The 1992 appropriation includes $26,000 for 1992 and $149,000 for 1993.

The appropriations in this paragraph are available for expenditure with the approval of the commissioner of education.

(b) The commissioner must not approve the payment of any amount to a school district under this subdivision unless that school district is in compliance with all applicable laws of this state.

(c) Up to the following amounts may be distributed to the following school districts for each fiscal year: $54,800 to independent school district No. 309, Pine Point School; $9,700 to independent school district No. 166; $14,900 to independent school district No. 432; $14,100 to independent school district No. 435; $42,200 to independent school district No. 707; and $39,100 to independent school district No. 38. These amounts must be spent only for the benefit of American Indian pupils and to meet established state educational standards or statewide requirements.

(d) Before a district can receive money under this subdivision, the district must submit to the commissioner of education evidence that it has:

(1) 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, requires the school district to prepare one budget including the amount available to the district under this subdivision and one budget that does not include the available amount. The budget of that school district for the 1991-1992 school year prepared according to Minnesota Statutes, section 121.908, subdivision 3a, must be submitted to the commissioner of education at the same time as 1990-1991 budgets and must not include money appropriated in this subdivision; and

(2) compiled accurate daily pupil attendance records.

Subd. 12. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid according to Minnesota Statutes, section 124.573:

$11,701,000 1992

$12,288,000 1993

The 1992 appropriation includes $1,758,000 for 1991 and $9,943,000 for 1992.

The 1993 appropriation includes $1,754,000 for 1992 and $10,534,000 for 1993.

Subd. 13. [SECONDARY VOCATIONAL; PUPILS WITH DISABILITIES.] For aid for secondary vocational education for pupils with disabilities according to Minnesota Statutes, section 124.574:

$4,691,000 1992

$4,652,000 1993

The 1992 appropriation includes $729,000 for 1991 and $3,962,000 for 1992.

The 1993 appropriation includes $699,000 for 1992 and $3,953,000 for 1993.

Subd. 14. [TRIBAL CONTRACT SCHOOLS.]

For tribal contract school aid according to Minnesota Statutes, section 124.86:

$200,000 1992

$200,000 1993

Subd. 15. [AMERICAN INDIAN TEACHER GRANTS.] For joint grants to assist American Indian people to become teachers:

$150,000 1990

$150,000 1991

Up to $70,000 each year is for a joint grant to the University of Minnesota-Duluth and the Duluth school district.

Up to $40,000 each year is for a joint grant to Bemidji state university and Red Lake school district.

Up to $40,000 each year is for a joint grant to Moorhead state university and a school district located within the White Earth reservation.

Any balance in the first year does not cancel but is available in the second year.

Subd. 16. [ASSURANCE OF MASTERY.] For assurance of mastery aid according to Minnesota Statutes, section 124.311:

$12,410,000 1992

$12,784,000 1993

The 1992 appropriation includes $1,751,000 for 1991 and $10,659,000 for 1992.

The 1993 appropriation includes $1,881,000 for 1992 and $10,903,000 for 1993.

Subd. 17. [INDIVIDUALIZED LEARNING AND DEVELOPMENT AID.] For individualized learning and development aid according to Minnesota Statutes, section 124.331:

$11,666,000 1992

$15,951,000 1993

The 1992 appropriation includes $1,068,000 for 1991 and $10,598,000 for 1992.

The 1993 appropriation includes $1,870,000 for 1992 and $14,081,000 for 1993.

Subd. 18. [SPECIAL PROGRAMS EQUALIZATION AID.] For special education levy equalization aid according to section 8:

$9,215,000 1993

This appropriation is based on a formula entitlement of $10,841,000.

Sec. 21. [REPEALER.]

Minnesota Statutes, section 275.125, subdivision 8c, is repealed effective July 1, 1991.

ARTICLE 4

COMMUNITY SERVICES

Section 1. Minnesota Statutes 1990, section 121.88, subdivision 9, is amended to read:

Subd. 9. [YOUTH SERVICE PROGRAMS.] A school board may offer, as part of a community education program with a youth

development program, a youth service program for pupils to promote active citizenship and to address community needs through youth service. The school board may award up to one credit, or the equivalent, toward graduation for a pupil who completes the youth service requirements of the district. The community education advisory council shall design the program in cooperation with the district planning, evaluating and reporting committee and local organizations that train volunteers or need volunteers' services. Programs must include:

(1) preliminary training for pupil volunteers conducted, when possible, by organizations experienced in such training;

(2) supervision of the pupil volunteers to ensure appropriate placement and adequate learning opportunity;

(3) sufficient opportunity, in a positive setting for human development, for pupil volunteers to develop general skills in preparation for employment, to enhance self esteem and self worth, and to give genuine service to their community; ~~and~~

(4) integration of academic learning with the service experience; and

(5) integration of youth community service with curriculum.

Youth service projects include, but are not limited to, the following:

(1) human services for the elderly, including home care and related services;

(2) tutoring and mentoring;

(3) training for and providing emergency services;

(4) services at extended day programs; and

(5) environmental services.

The commissioner shall maintain a list of acceptable projects with a description of each project. A project that is not on the list must be approved by the commissioner.

A youth service project must have a community sponsor that may be a governmental unit or nonprofit organization. To assure that pupils provide additional services, each sponsor must assure that pupil services do not displace employees or reduce the workload of any employee.

The commissioner must assist districts in planning youth service programs, implementing programs, and developing recommendations for obtaining community sponsors.

Sec. 2. Minnesota Statutes 1990, section 121.88, subdivision 10, is amended to read:

Subd. 10. [EXTENDED DAY PROGRAMS.] A school board may offer, as part of a community education program, an extended day program for children from kindergarten through grade 6 for the purpose of expanding students' learning opportunities. A program must include the following:

(1) adult supervised programs while school is not in session;

(2) parental involvement in program design and direction;

(3) partnerships with the K-12 system, and other public, private, or nonprofit entities; and

(4) opportunities for trained secondary school pupils to work with younger children in a supervised setting as part of a community service program.

The district may charge a sliding fee based upon family income for extended day programs. The district may receive money from other public or private sources for the extended day program. The school board of the district shall develop standards for school age child care programs. Districts with programs in operation before July 1, 1990, must adopt standards before October 1, 1991. All other districts must adopt standards within one year after the district first offers services under a program authorized by this subdivision. The state board of education may not adopt rules for extended day programs.

Sec. 3. Minnesota Statutes 1990, section 121.882, subdivision 2, is amended to read:

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

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

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

(3) learning experiences for children and parents;

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

(5) activities and materials designed to encourage self-esteem, skills, and behavior that prevent sexual and other interpersonal violence;

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

(7) information on related community resources; or

(8) other programs or activities to improve the health, development, and learning readiness of children.

The programs shall not include activities for children that do not require substantial involvement of the children's parents. The programs shall be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs shall encourage parents to be aware of practices that may affect equitable development of children.

Sec. 4. Minnesota Statutes 1990, section 121.882, subdivision 6, is amended to read:

Subd. 6. [COORDINATION.] A district is encouraged to coordinate the program with its special education and vocational education programs and with related services provided by other governmental agencies and nonprofit agencies.

A district is encouraged to coordinate adult basic education programs provided to parents and early childhood family education programs provided to children to accomplish the goals of section 124C.61.

Sec. 5. Minnesota Statutes 1990, section 121.882, is amended by adding a subdivision to read:

Subd. 9a. [POPULATION SERVED.] The children and parents served by the program must be representative of the total population and reflect the demographic, racial, cultural, and ethnic diversity of the district. Districts receiving increased revenue for early childhood family education shall increase the number of eligible families served and provide for children and families who, because of poverty or other barriers to learning, may need more intensive services.

Sec. 6. Minnesota Statutes 1990, section 123.702, is amended to read:

123.702 [SCHOOL BOARD RESPONSIBILITIES.]

Subdivision 1. Every school board shall provide for a ~~voluntary~~ mandatory program of early childhood ~~health and~~ developmental screening for children ~~once before entering kindergarten~~ who are four years old and older but who have not entered kindergarten or first grade. This screening program shall be established either by one board, by two or more boards acting in cooperation, by educational cooperative service units, by early childhood family education programs, or by other existing programs. ~~No school board may make~~ This screening examination is a mandatory prerequisite to ~~enroll~~ enrolling a student in kindergarten or first grade. A child need not submit to developmental screening provided by a school board if the child's health records indicate to the school board that the child has received comparable developmental screening from a public or private health care organization or individual health care provider. The school districts are encouraged to reduce the costs of preschool ~~health~~ developmental screening programs by utilizing volunteers in implementing the program.

Subd. 1a. A child must not be enrolled in this state until the parent or guardian of the child submits to the school principal or other person having general control and supervision of the school a record indicating the months and year the child received developmental screening and the results of the screening. If a child is transferred from one kindergarten to another or from one first grade to another, the parent or guardian of the child must be allowed 30 days to submit the child's record, during which time the child may attend school.

Subd. ~~1a~~ 1b. A screening program shall include at least the following components ~~to the extent the school board determines they are financially feasible~~: developmental assessments, hearing and vision screening or referral, ~~review of health history and~~ immunization ~~status~~ review and referral, ~~and assessments of height and weight~~ review of any special family circumstances that might affect development, identification of additional risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. All screening components shall be consistent with the standards of the state commissioner of health for early ~~and periodic~~ developmental screening programs. ~~No child shall be required to submit to any component of this screening program to be eligible for any other component.~~ No developmental screening program shall provide laboratory tests, a health history or a physical examination to any child ~~who has been provided with those laboratory tests or a health history or physical examination within the previous 12 months~~. The school district shall request from the public or private health care organization or the individual health care provider the results of any laboratory test, health history or physical examination within the 12 months preceding a child's scheduled screening ~~clinic~~. If a child is without health coverage, the school district shall refer the child to an appropriate health care provider.

A school board may offer additional components such as nutritional, ~~physical and dental~~ assessments, and blood pressure, ~~and laboratory tests~~. State aid shall not be paid for additional components.

Subd. 2. If any child's screening indicates a condition which requires diagnosis or treatment, the child's parents shall be notified of the condition and the school board shall ensure that an appropriate follow-up and referral process is available, ~~in accordance with procedures established pursuant to section 123.703, subdivision 1~~.

Subd. 3. The school board shall ~~actively encourage participation~~ inform each resident family with a child eligible to participate in the developmental screening program about the availability of the program and the state's requirement that a child receive developmental screening before enrolling in kindergarten or first grade.

Subd. 4. ~~Every~~ A school board ~~shall~~ may contract with or purchase service from an approved early ~~and periodic~~ developmental screening program in the area ~~wherever possible~~. Developmental screening must be conducted by an individual who is licensed as, or has the training equal to, a special education teacher, school psychologist, kindergarten teacher, prekindergarten teacher, school nurse, public health nurse, registered nurse, or physician. The individual may be a volunteer.

Subd. 4a. The school district shall provide the parent or guardian of the child screened with a record indicating the month and year the child received developmental screening and the results of the screening. The district shall keep a duplicate copy of the record of each child screened.

Subd. 5. Every school board shall integrate and utilize volunteer screening programs in implementing sections 123.702 to ~~123.704~~ 123.705 wherever possible.

Subd. 6. A school board may ~~contract with health care providers to operate the screening programs and shall~~ consult with local societies of health care providers.

Subd. 7. In selecting personnel to implement the screening program, the school district shall give priority first to qualified volunteers ~~and second to other persons possessing the minimum qualifications required by the rules adopted by the state board of education and the commissioner of health~~.

Sec. 7. [123.7045] [DEVELOPMENTAL SCREENING AID.]

Each school year, the state shall pay a school district $25 for each child screened according to the requirements of section 123.702.

Sec. 8. [123.709] [CHEMICAL ABUSE PREVENTION PROGRAM.]

Subdivision 1. [DEFINITION.] "Targeted children and young people" means those individuals, whether or not enrolled in school, who are under 21 years of age and who are susceptible to abusing chemicals. Included among these individuals are those who:

(1) are the children of drug or alcohol abusers;

(2) are at risk of becoming drug or alcohol abusers;

(3) are school dropouts;

(4) are failing in school;

(5) have become pregnant;

(6) are economically disadvantaged;

(7) are victims of physical, sexual, or psychological abuse;

(8) have committed a violent or delinquent act;

(9) have experienced mental health problems;

(10) have attempted suicide;

(11) have experienced long-term physical pain due to injury;

(12) have experienced homelessness;

(13) have been expelled or excluded from school under sections 127.26 to 127.39; or

(14) have been adjudicated children in need of protection or services.

Subd. 2. [PURPOSE.] Schools, school districts, groups of school districts, community groups, or other regional public or nonprofit entities may contract with the commissioner of education to provide programs to prevent chemical abuse and meet the developmental needs of targeted children and young people, and to help these individuals overcome barriers to learning.

Subd. 3. [OBJECTIVES.] The commissioner of education may enter into contracts to:

(1) train individuals to work with targeted children and young people;

(2) expand the ability of the community to meet the needs of targeted children and young people and their families by locating appropriated services and resources at or near a school site; and

(3) involve the parents and other family members of these targeted children and young people more fully in the education process.

Subd. 4. [CONTRACT TERMS.] The commissioner may enter into contracts for programs that the commissioner determines are meritorious and appropriate and for which revenue is available. All contractors must offer vocational training or employment services, health screening referrals, and mental health or family counseling. A contractor receiving funds in one fiscal year may carry forward any unencumbered funds into the next fiscal year.

Subd. 5. [COMMISSIONER'S ROLE.] (a) The commissioner shall develop criteria, which the commissioner shall periodically evaluate, for entering into program contracts.

(b) The criteria must include:

(1) targeted families confronting social or economic adversity;

(2) offering programs to targeted children and young people during and after school hours and during the summer;

(3) integrating the cultural and linguistic diversity of the community into the school environment;

(4) involving targeted children and young people and their families in planning and implementing programs;

(5) facilitating meaningful collaboration among the service providers located at or near a school site;

(6) locating programs throughout the state; and

(7) serving diverse populations of targeted children and young people, with a focus on children through grade 3.

Subd. 6. [EVALUATION.] The commissioner shall evaluate contractors' programs and shall disseminate successful program components statewide.

Sec. 9. Minnesota Statutes 1990, section 124.26, subdivision 1c, is amended to read:

Subd. 1c. [PROGRAM APPROVAL.] (a) To receive aid under this section, a district must submit an application by June 1 describing the program, on a form provided by the department.

(b) The program must be approved by the commissioner according to the following criteria:

(1) how the needs of different levels of learning will be met;

(2) for continuing programs, an evaluation of results;

(3) anticipated number and education level of participants;

(4) coordination with other resources and services;

(5) participation in a consortium, if any, and money available from other participants;

(6) management and program design;

(7) volunteer training and use of volunteers;

(8) staff development services;

(9) program sites and schedules; and

(10) program expenditures that qualify for aid.

(c) The commissioner may contract with a private, nonprofit organization to provide services that are not offered by a district or that are supplemental to a district's program. The program provided under a contract must be approved according to the same criteria used for district programs.

(d) Beginning with the 1992-1993 program year, adult basic education program designs may be approved under this subdivision for up to three years. Multiyear program approval must be granted to applicants who have demonstrated the capacity to:

(1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill need levels;

(2) provide a participatory and experimental learning approach based on the strengths, interests, and needs of each learner, that enables all adults with basic skill needs to:

(i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;

(ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision-making, interpersonal effectiveness, and other life and learning-to-learn skills they need to function effectively in a changing society;

(iii) locate and be able to use the health, governmental, and social resources and services they need to improve their own and their families' lives; and

(iv) continue their education, if they so desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing training or education that will enable them to become more employable, productive, and responsible citizens;

(3) plan, coordinate, and develop cooperative working agreements with community resources to address the needs adult learners have for support services such as transportation, flexible course scheduling, convenient class locations, and child care;

(4) link with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well-trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

(6) participate in regional adult basic education peer program reviews and evaluations; and

(7) submit accurate and timely performance and fiscal reports.

Sec. 10. Minnesota Statutes 1990, section 124.26, subdivision 2, is amended to read:

Subd. 2. Each district or group of districts providing adult basic ~~and continuing~~ education programs shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these programs. All aid received pursuant to this section shall be utilized solely for the purposes of adult basic ~~and continuing~~ education programs. In no case shall federal and state aid equal more than 90 percent of the actual cost of providing these programs.

Sec. 11. [124.2601] [ADULT BASIC EDUCATION REVENUE.]

Subdivision 1. [FULL-TIME EQUIVALENT.] In this section "full-time equivalent" means 408 contact hours for a student at the adult

secondary instructional level and 240 contact hours for a student at a lower instructional level. "Full-time equivalent" for an English as a second language student means 240 contact hours.

Subd. 2. [PROGRAMS FUNDED.] Adult basic education programs established under section 124.26 and approved by the commissioner are eligible for revenue under this section.

Subd. 3. [AID.] Adult basic education aid for each district with an eligible program equals 65 percent of the general education formula allowance times the number of full-time equivalent students in its adult basic education program.

Subd. 4. [LEVY.] To obtain adult basic education aid, a district may levy an amount not to exceed the amount raised by .21 percent times the adjusted tax capacity of the district for the preceding year.

Subd. 5. [REVENUE.] Adult basic education revenue is equal to the sum of a district's adult basic education aid and its adult basic education levy.

Subd. 6. [AID GUARANTEE.] Any adult basic education program that receives less state aid under subdivision 3 than from the aid formula for fiscal year 1992 shall receive the amount of aid it received in fiscal year 1992.

Subd. 7. [PRORATION.] If the total appropriation for adult basic education aid is insufficient to pay all districts the full amount of aid earned, the department of education shall proportionately reduce each district's aid.

Sec. 12. [124.2605] [GED TESTS.]

Subdivision 1. [GED TEST.] Beginning July 1, 1992, the department of education shall pay for one-half the cost of a GED test taken by a qualifying individual.

Subd. 2. [RULEMAKING.] The state board of education shall adopt a rule defining "qualifying individual" for purposes of state payment of the GED test fee.

Sec. 13. Minnesota Statutes 1990, section 124.261, is amended to read:

124.261 [ADULT HIGH SCHOOL GRADUATION AID.]

Subdivision 1. [AID ELIGIBILITY.] Adult high school graduation aid for eligible pupils age 21 or over, equals 65 percent of the general education formula allowance times ~~1.35~~ 1.30 times the average daily membership under section 124.17, subdivision 2e. Adult high school

graduation aid must be paid in addition to any other aid to the district. Pupils age 21 or over may not be counted by the district for any purpose other than adult high school graduation aid.

Subd. 2. [AID FOLLOWS PUPIL.] Adult high school graduation aid accrues to the account and the fund of the eligible programs, under section 126.22, subdivision 3, that serve adult diploma students.

Sec. 14. Minnesota Statutes 1990, section 124.2711, subdivision 1, is amended to read:

Subdivision 1. [MAXIMUM REVENUE.] (a) The maximum revenue for early childhood family education programs for the ~~1989 and 1990~~ 1992 fiscal ~~years~~ year for a school district is the amount of revenue derived by multiplying ~~$84.50~~ $96.50 times the greater of 150 or the number of people under five years of age residing in the school district on September 1 of the preceding school year.

(b) For ~~1991~~ 1993 and later fiscal years, the maximum revenue for early childhood family education programs for a school district is the amount of revenue earned by multiplying ~~$87.75~~ $101.25 times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the school district on September 1 of the last school year.

Sec. 15. Minnesota Statutes 1990, section 124.2711, subdivision 3, is amended to read:

Subd. 3. [AID.] If a district complies with the provisions of section 121.882, it shall receive early childhood family education aid equal to:

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

(b) the ratio of the district's actual levy to its permitted levy attributable to the same school year, according to section 275.125, subdivision 8b.

~~In fiscal year 1990 only, a district receiving early childhood family education aid under this subdivision or levy under section 275.125, subdivision 8b, shall receive an additional amount of aid equal to $.95 times the greater of 150 or the number of people under five years of age residing in the district on September 1 of the last school year.~~

Sec. 16. Minnesota Statutes 1990, section 124C.03, subdivision 2, is amended to read:

Subd. 2. [MEMBERS; MEETINGS; OFFICERS.] The interagency adult learning advisory council shall have ~~16~~ 20 to ~~18~~ 22 members. Members must have experience in educating adults or in programs addressing welfare recipients and incarcerated, unemployed, and underemployed people.

The members of the interagency adult learning advisory council are appointed as follows:

(1) one member appointed by the commissioner of the state planning agency;

(2) one member appointed by the commissioner of jobs and training;

(3) one member appointed by the commissioner of human services;

(4) one member appointed by the director of the refugee and immigrant assistance division of the department of human services;

(5) one member appointed by the commissioner of corrections;

(6) one member appointed by the commissioner of education;

(7) one member appointed by the chancellor of the state board of technical colleges;

(8) one member appointed by the chancellor of community colleges;

(9) one member appointed by the Minnesota adult literacy campaign or by another nonprofit literacy organization, as designated by the commissioner of the state planning agency;

(10) one member appointed by the council on Black Minnesotans;

(11) one member appointed by the Spanish-speaking affairs council;

(12) one member appointed by the council on Asian-Pacific Minnesotans;

(13) one member appointed by the Indian affairs council; and

(14) one member appointed by the disability council.

~~Up to four additional members of the council may be nominated by the participating agencies.~~ Based on the council's recommendations, the commissioner of the state planning agency must appoint at least ~~two~~ six, but not more than ~~four~~ eight, additional members. Nominees shall include, but are not limited to, representatives of local education, government, nonprofit agencies, employers, labor organizations, and libraries.

The council shall elect its officers.

Sec. 17. Minnesota Statutes 1990, section 126.22, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE PUPILS.] The following pupils are eligible to participate in the high school graduation incentives program:

(a) any pupil who is between the ages of 12 and 16, except as indicated in clause (6), and who:

(1) is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test; or

(2) is at least one year behind in satisfactorily completing coursework or obtaining credits for graduation; or

(3) is pregnant or is a parent; or

(4) has been assessed as chemically dependent; or

(5) has been excluded or expelled according to sections 127.26 to 127.39; or

(6) is between the ages of 12 and 21 and has been referred by a school district for enrollment in an eligible program or a program pursuant to section 126.23; or

(b) any pupil 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 pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant or is a parent, or has been assessed as chemically dependent; or

(c) any person between 16 and 21 years of age who has not attended a high school program for at least 15 consecutive school days, excluding those days when school is not in session, and who is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant or is a parent, or has been assessed as chemically dependent; or

(d) any person who is at least 21 years of age and who:

(1) has received fewer than 14 years of public or nonpublic education, beginning at age 5;

(2) has ~~already completed the studies ordinarily required in the 10th grade but has~~ not completed the requirements for a high school diploma ~~or the equivalent~~; and

(3) at the time of application, (i) is eligible for unemployment compensation benefits or has exhausted the benefits, (ii) is eligible for or is receiving income maintenance and support services, as defined in section 268.0111, subdivision 5, or (iii) is eligible for services under the displaced homemaker program, state wage-subsidy program, or any programs under the federal Jobs Training Partnership Act or its successor.

(e) an elementary school pupil who is determined by the district of attendance to be at risk of not succeeding in school is eligible to participate in the program.

Notwithstanding section 127.27, subdivision 7, the provisions of section 127.29, subdivision 1, do not apply to a pupil under age 21 who participates in the high school graduation incentives program.

Sec. 18. Minnesota Statutes 1990, section 126.22, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROGRAMS.] (a) A pupil who is eligible according to subdivision 2, clause (a), (b), (c), (d), or (e), may enroll in any program approved by the state board of education under Minnesota Rules, part 3500.3500, or area learning centers under sections 124C.45 to 124C.48, or according to section 121.11, subdivision 12.

(b) A pupil who is eligible according to subdivision 2, clause (b), (c), or (d), may enroll in post-secondary courses under section 123.3514.

(c) A pupil who is eligible under subdivision 2, clause (a), (b), (c), (d), or (e), may enroll in any public elementary or secondary education program. However, a person who is eligible according to subdivision 2, clause (d), may enroll only if the school board has adopted a resolution approving the enrollment.

(d) (1) A pupil who is eligible under subdivision 2, clause (a), (b), (c), or (e), may enroll part time or full time in any nonprofit, nonpublic, nonsectarian school that has contracted with the school district of residence to provide educational services.

(2) A pupil who is at least 16 years of age, who is eligible under subdivision 2, clause (a), (b), or (c), and who has been enrolled only in a public school, if the pupil has been enrolled in any school, during the year immediately before transferring under this paragraph, may transfer to any nonprofit, nonpublic school that has contracted with the school district of residence to provide nonsectarian educational services. Such a school must enroll every eligible pupil who seeks to transfer to the school under this program subject to available space.

(e) ~~An~~ A pupil who is eligible ~~institution providing eligible programs as defined in this~~ under subdivision 2, clause (c) or (d), may ~~contract with an entity providing~~ enroll in any adult basic education programs approved under section 124.26 and operated under the community education program contained in section 121.88 ~~for actual program costs~~.

Sec. 19. Minnesota Statutes 1990, section 126.22, subdivision 4, is amended to read:

Subd. 4. [PUPIL ENROLLMENT.] Any eligible pupil 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 pupil under subdivision 2 to enroll in ~~a nonresident district that has an~~ any eligible program outside the district under subdivision 3 or an area learning center established under section 124C.45, and is not required for an eligible pupil under subdivision 2, clause (c) or (d), to enroll in an adult basic education program approved under section 124.26.

Sec. 20. Minnesota Statutes 1990, section 145.926, is amended to read:

145.926 [WAY TO GROW/SCHOOL READINESS PROGRAM.]

Subdivision 1. [ADMINISTRATION.] The commissioner of state planning shall administer the way to grow/school readiness program, in ~~consultation~~ collaboration with the commissioners of health, human services and education, to promote intellectual, social, emotional, and physical development and school readiness of children prebirth to age ~~five~~ six by coordinating and improving access to community-based and neighborhood-based services that support and assist all parents in meeting the health and developmental needs of their children at the earliest possible age.

Subd. 2. [PROGRAM COMPONENTS.] (a) A way to grow/school readiness program must:

(1) collaborate and coordinate delivery of services with other

community organizations and agencies serving children prebirth to age six and their families;

(2) target services to families with children prebirth to age six with services increasing based on need;

(3) build on existing services and coordinate a continuum of prebirth to age six essential services, including but not limited to prenatal health services, parent education and support, and preschool programs;

(4) provide strategic outreach efforts to families using trained paraprofessionals such as home visitors; and

(5) support of neighborhood oriented and culturally specific social support, information, outreach, and other programs to promote healthy development of children and to help parents obtain the information, resources, and parenting skills needed to nurture and care for their children.

(b) A way to grow/school readiness program may include:

(1) a program of home visitors to contact pregnant women early in their pregnancies, encourage them to obtain prenatal care, and provide social support, information, and referrals regarding prenatal care and well-baby care to reduce infant mortality, low birth weight, and childhood injury, disease, and disability;

(2) a program of home visitors to provide social support, information, and referrals regarding parenting skills and to encourage families to participate in parenting skills programs and other family supportive services;

(3) support of neighborhood-based or community-based parent-child and family resource centers or interdisciplinary resource teams to offer supportive services to families with preschool children;

(4) staff training, technical assistance, and incentives for collaboration designed to raise the quality of community services relating to prenatal care, child development, health, and school readiness;

(5) programs to raise general public awareness about practices that promote healthy child development and school readiness;

(6) ~~support of neighborhood oriented and culturally specific social support, information, outreach, and other programs to promote healthy development of children and to help parents obtain the information, resources, and parenting skills needed to nurture and care for their children;~~

~~(7)~~ programs to expand public and private collaboration to promote the development of a coordinated and culturally specific system of services available to all families;

~~(8)~~ (7) support of periodic screening and evaluation services for preschool children to assure adequate developmental progress;

~~(9)~~ (8) support of health, educational, and other developmental services needed by families with preschool children;

~~(10)~~ (9) support of family prevention and intervention programs needed to address risks of child abuse or neglect;

~~(11)~~ (10) development or support of a jurisdiction-wide coordinating agency to develop and oversee programs to enhance child health, development, and school readiness with special emphasis on neighborhoods with a high proportion of children in need; and

~~(12)~~ (11) other programs or services to improve the health, development, and school readiness of children in target neighborhoods and communities.

Subd. 3. [ELIGIBLE GRANTEES.] An application for a grant may be submitted by any of the following entities:

(1) a city, town, county, school district, or other local unit of government;

(2) two or more governmental units organized under a joint powers agreement;

(3) a community action agency that satisfies the requirements of section 268.53, subdivision 1; or

(4) a nonprofit organization, or consortium of nonprofit organizations, that demonstrates collaborative effort with at least one unit of local government.

Subd. 4. [~~PILOT PROJECTS~~ DISTRIBUTION.] The commissioner of state planning shall ~~award grants for one pilot project in each of the following areas of the state:~~

~~(1) a first class city located within the metropolitan area as defined in section 473.121, subdivision 2;~~

~~(2) a second class city located within the metropolitan area as defined in section 473.121, subdivision 2;~~

~~(3) a city with a population of 50,000 or more that is located~~

~~outside of the metropolitan area as defined in section 473.121, subdivision 2; and~~

~~(4) the area of the state located outside of the metropolitan area as defined in section 473.121, subdivision 2~~ give priority to funding existing programs at their current levels.

To the extent possible, the commissioner of state planning shall award grants to applicants with experience or demonstrated ability in providing comprehensive, multidisciplinary, community-based programs with objectives similar to those listed in subdivision 2, or in providing other human services or social services programs using a multidisciplinary, community-based approach.

Subd. 5. [APPLICATIONS.] Each grant application must propose a five-year program designed to accomplish the purposes of this section. The application must be submitted on forms provided by the commissioner of state planning. The grant application must include:

(1) a description of the specific neighborhoods that will be served under the program and the name, address, and a description of each community agency or agencies with which the applicant intends to contract to provide services using grant money;

(2) a letter of intent from each community agency identified in clause (1) that indicates the agency's willingness to participate in the program and approval of the proposed program structure and components;

(3) a detailed description of the structure and components of the proposed program and an explanation of how each component will contribute to accomplishing the purposes of this section;

(4) a description of how public and private resources, including schools, health care facilities, government agencies, neighborhood organizations, and other resources, will be coordinated and made accessible to families in target neighborhoods, including letters of intent from public and private agencies indicating their willingness to cooperate with the program;

(5) a detailed, proposed budget that demonstrates the ability of the program to accomplish the purposes of this section using grant money and other available resources, including funding sources other than a grant; and

(6) a comprehensive evaluation plan for measuring the success of the program in meeting the objectives of the overall grant program and the individual grant project, including an assessment of the impact of the program in terms of at least three of the following criteria:

(i) utilization rates of community services;

(ii) availability of support systems for families;

(iii) birth weights of newborn babies;

(iv) child accident rates;

(v) utilization rates of prenatal care;

(vi) reported rates of child abuse; ~~and~~

(vii) rates of health screening and evaluation; and

(viii) school readiness of way to grow participants compared to nonparticipants.

Subd. 6. [MATCH.] Each dollar of state money must be matched with 50 cents of nonstate money. ~~The pilot project selected under subdivision 4, clause (4),~~ Programs may match state money with in-kind contributions, including volunteer assistance.

Subd. 7. [ADVISORY COMMITTEES.] The commissioner of state planning shall establish a program advisory committee consisting of persons knowledgeable in child development, child health and family services, ~~and the needs of people of color and high risk populations~~ who reflect the geographic, cultural, racial, and ethnic diversity of the state; and representatives of the commissioners of state planning ~~and~~, education, human services, and health. This program advisory committee shall review grant applications, assist in distribution of the grants, and monitor progress of the way to grow/school readiness program. Each grantee must establish a program advisory board of 12 or more members to advise the grantee on program design, operation, and evaluation. The board must include representatives of local units of government and representatives of the project area who reflect the geographic, cultural, racial, and ethnic diversity of that community.

Subd. 8. [REPORT.] ~~The commissioner of state planning shall provide a biennial report to the legislature on the program administration and the activities of projects funded under this section.~~ The advisory committee shall report to the education committee of the legislature by January 15, 1993, on the evaluation required in subdivision 5, clause (6), and shall make recommendations for establishing successful way to grow programs in unserved areas of the state.

Sec. 21. Minnesota Statutes 1990, 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 $200 fee before the person's drivers license is reinstated to be credited as follows:

(1) 25 percent shall be credited to the trunk highway fund;

(2) 50 percent shall be credited to a separate account to be known as the county probation reimbursement account. Money in this account may be 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;

(3) ten percent shall be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and shall be divided as follows: eight percent for laboratory costs; two percent for carrying out the provisions of section 299C.065;

(4) 15 percent shall be credited to a separate account to be known as the alcohol-impaired driver education account. Money in the account may be appropriated to the commissioner of education for grants to develop ~~alcohol-impaired driver education~~ chemical abuse prevention programs in elementary and~~,~~ secondary~~, and post-secondary~~ schools. The state board of education shall establish guidelines for the distribution of the grants. Each year the commissioner may use $100,000 to administer the grant program and other traffic safety education programs.

Sec. 22. Minnesota Statutes 1990, section 275.125, subdivision 8b, is amended to read:

Subd. 8b. [EARLY CHILDHOOD FAMILY EDUCATION LEVY.] A district may levy for its early childhood family education program. The amount levied shall not exceed the lesser of:

(a) a net tax rate of ~~.54~~ .596 percent times the adjusted net tax capacity for taxes payable in ~~1991~~ 1992 and thereafter of the district for the year preceding the year the levy is certified, or

(b) the maximum revenue as defined in section 124.2711, subdivision 1, for the school year for which the levy is attributable.

Sec. 23. [CONDITIONAL TRANSFER AUTHORITY.]

This section applies only if the state planning agency under chapter 116K is eliminated in a law. Responsibility for administering the way to grow/school readiness program in Minnesota Statutes, section 145.926 is transferred from the commissioner of the state planning agency to the commissioner of education. Any appropriation for grants under Minnesota Statutes, section 145.926 is transferred from the state planning agency to the department of education. The revisor of statutes shall renumber Minnesota Statutes, section 145.926 as a section in chapter 124C and change appropriate references from "state planning" to "education."

Sec. 24. [REPORT REQUIRED.]

School districts contracting with a nonprofit, nonpublic school must prepare for the department of education a report describing the nonsectarian educational services provided to eligible pupils under section 18. The department shall report to the education committees of the legislature at the end of each school year on districts' experiences in contracting.

Sec. 25. [REPEALER.]

Minnesota Statutes 1990, sections 123.706 and 123.707; and Laws 1989, chapter 329, article 4, section 40, are repealed.

Sec. 26. [EXPIRATION.]

Section 126.22, subdivision 3, clause (d), paragraph (2), expires July 1, 1993.

Sec. 27. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [ADULT BASIC EDUCATION AID.] For adult basic education aid according to Minnesota Statutes, section 124.26:

$5,074,000 1992

$5,073,000 1993

The 1992 appropriation includes $761,000 for 1991 and $4,313,000 for 1992.

The 1993 appropriation includes $760,000 for 1992 and $4,313,000 for 1993.

Up to $250,000 each year may be used for contracts with private, nonprofit organizations for approved programs.

Subd. 3. [ADULTS WITH DISABILITIES PROGRAM AID.] For adults with disabilities programs according to Minnesota Statutes, section 124.2715:

$670,000 1992

$670,000 1993

Any balance in the first year does not cancel and is available for the second year.

Subd. 4. [COMMUNITY EDUCATION AID.] For community education aid according to Minnesota Statutes, section 124.2713:

$3,598,000 1992

$3,211,000 1993

The 1992 appropriation includes $498,000 for 1991 and $3,100,000 for 1992.

The 1993 appropriation includes $547,000 for 1992 and $2,664,000 for 1993.

Subd. 5. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early childhood family education aid according to Minnesota Statutes, section 124.2711:

$12,550,000 1992

$12,481,000 1993

The 1992 appropriation includes $1,549,000 for 1991 and $11,001,000 for 1992.

The 1993 appropriation includes $1,940,000 for 1992 and $10,541,000 for 1993.

Subd. 6. [HEALTH AND DEVELOPMENTAL SCREENING AID.] For health and developmental screening aid according to Minnesota Statutes, sections 123.702 and 123.7045:

$1,489,000 1992

$1,607,000 1993

The 1992 appropriation includes $86,000 for 1991 and $1,403,000 for 1992.

The 1993 appropriation includes $247,000 for 1992 and $1,360,000 for 1993.

Any balance in the first year does not cancel but is available in the second year.

Subd. 7. [HEARING IMPAIRED ADULTS.] For programs for hearing impaired adults according to Minnesota Statutes, section 121.201:

$70,000 1992

$70,000 1993

Subd. 8. [ADULT GRADUATION AID.] For adult graduation aid:

$1,525,000 1992

$1,592,000 1993

The 1992 appropriation includes $171,000 for 1991 and $1,354,000 for 1992.

The 1993 appropriation includes $238,000 for 1992 and $1,354,000 for 1993.

Subd. 9. [GED TESTS.] For payment of 50 percent of the costs of GED tests:

$150,000 1992

This appropriation is available until June 30, 1993.

Subd. 10. [CHEMICAL ABUSE PREVENTION GRANTS.] For grants for chemical abuse prevention grants according to section 7.

$620,000 1992

$620,000 1993

These appropriations are from the alcohol-impaired driver account of the special revenue fund. Any funds credited for the department of education to the alcohol-impaired driver account of the special revenue fund in excess of the amount appropriated in this subdivision are appropriated to the department of education and available in fiscal year 1992 and fiscal year 1993.

Sec. 28. [APPROPRIATION.]

Subdivision 1. [STATE PLANNING AGENCY.] The sums indicated in this section are appropriated from the general fund to the state planning agency for the fiscal years designated.

Subd. 2. [WAY TO GROW.] For grants for way to grow programs according to Minnesota Statutes, section 145.926:

$950,000 1992

This appropriation is available until June 30, 1993.

ARTICLE 5

FACILITIES AND EQUIPMENT

Section 1. Minnesota Statutes 1990, section 121.15, subdivision 1, is amended to read:

Subdivision 1. [CONSULTATION.] A school district ~~shall consult with the commissioner of education before developing any plans and specifications to construct, remodel, or improve the building or site of an educational facility, other than a technical college, for which the estimated cost exceeds $100,000. This consultation shall occur before a referendum for bonds, solicitation for bids, or use of capital expenditure facilities revenue according to section 124.243, subdivision 6, clause (2)~~ must submit annually to the commissioner of education a five-year facilities plan which must include projects that will begin after May 1. Technical college projects do not need to be included in the plan. The plan must be submitted to the commissioner by January 1, beginning in 1992, and annually thereafter. The commissioner may require the district to participate in a management assistance plan before conducting a review and comment ~~on the project~~ or granting approval of projects contained in the five-year plan. The commissioner shall develop a standard format to be used in preparation of the five-year facilities plan.

Sec. 2. Minnesota Statutes 1990, section 121.15, subdivision 2, is amended to read:

Subd. 2. [~~PLAN SUBMITTAL~~ FIVE-YEAR PLAN.] For a construction, expansion, or remodeling project ~~for which consultation is required under subdivision 1~~ contained in a five-year plan, the commissioner~~, after the consultation required in subdivision 1,~~ may require a school district to submit the following for approval:

(a) two sets of preliminary construction plans for each new building or addition, and

(b) one set of final construction plans for each construction, remodeling, or site improvement project. The commissioner shall approve or disapprove the plans within 90 days after submission.

Final plans shall meet all applicable state laws, rules, and codes concerning public buildings, including sections 16B.59 to 16B.73. The department may furnish to a school district plans and specifications for temporary school buildings containing two classrooms or less.

Sec. 3. Minnesota Statutes 1990, section 121.15, is amended by adding a subdivision to read:

Subd. 2a. [FIVE-YEAR FACILITY PLAN INFORMATION REQUIRED.] For each construction, expansion, or remodeling project, the plan must contain the following information and any other information required by the commissioner and described in the standard format under section 1:

(1) a description in reasonable detail of each construction, expansion, or remodeling project that requires an expenditure of more than $50,000;

(2) if any, a description of the federal or state laws, rules, or code violations corrected by the project;

(3) the availability and manner of financing each project;

(4) the estimated date to begin and complete each project;

(5) the impact, if any, of each project to extend the useful life or improve the safety of the facility or site; and

(6) a breakdown by category of total cost of projects requiring expenditure of less than $50,000. Categories of cost must be defined in the standard format.

Sec. 4. Minnesota Statutes 1990, section 121.15, is amended by adding a subdivision to read:

Subd. 2b. [FIVE-YEAR FACILITIES PLAN APPROVAL.] (a) The commissioner shall consider the criteria in paragraphs (b) and (c) in determining whether to approve or disapprove projects in a district's current five-year plan.

(b) To approve a district's five-year facilities plan, the commissioner must determine that all of the conditions in this paragraph are met or are determined not applicable for each construction, expansion, or remodeling project contained in the plan:

(1) the new facilities are needed for pupils for whom no adequate facilities exist or will exist;

(2) no form of cooperation with another district would provide the necessary facilities;

(3) the proposed facilities are comparable in size and quality to facilities recently constructed in other districts that have similar enrollments;

(4) the current facility poses a threat to the life, health, and safety of pupils, and cannot reasonably be brought into compliance with fire, health, or life safety codes; and

(5) the district has made a good faith effort, as evidenced by its maintenance expenditures, to adequately maintain the existing facility during the previous ten years and to comply with fire, health, and life safety codes and state and federal requirements for handicapped accessibility.

(c) The commissioner may disapprove the plan or a project contained in a five-year plan if:

(1) a project to be initiated in the first year of the current plan has not reasonably appeared in a previous five-year plan;

(2) the state demographer has examined the population of the communities to be served by the proposed facility and determined that the communities have not grown during the previous five years;

(3) the state demographer determined that the economic and population bases of the communities to be served by the proposed facility are not likely to grow or to remain at a level sufficient, during the next ten years, to ensure use of the entire facility;

(4) the need for facilities could be met within the district or adjacent districts at a comparable cost by leasing, repairing, remodeling, or sharing existing facilities or by using temporary facilities;

(5) the district plans do not include cooperation and collaboration with health and human services agencies and other political subdivisions; or

(6) for new construction projects, an existing facility that would meet the district's needs could be purchased at a comparable cost from any other source within the area.

(d) A district must not proceed with a project unless the plan describing the project has been approved by the commissioner. The

commissioner may allow a district without an approved five-year plan to proceed with a project, if the commissioner determines that the district is making a good faith effort to revise its plan.

Sec. 5. Minnesota Statutes 1990, *section 121.15, is amended* by adding a subdivision to read:

Subd. 2c. [ADJACENT DISTRICT COMMENTS.] For any five-year facilities plan that contains a proposal for new facilities or projects that require an expenditure of more than $1,000,000 per school site, the district shall present the proposed project to the school board of each adjacent district at a public meeting of that district. The board of an adjacent district shall make a written evaluation of how the project will affect the future education and building needs of the adjacent district. The board shall submit the evaluation to the applying district within 30 days of the meeting. The district shall include the evaluations in its application for review and comment as required by subdivision 6, paragraph (c).

Sec. 6. Minnesota Statutes 1990, section 121.15, subdivision 3, is amended to read:

Subd. 3. [FINAL CONSTRUCTION PLANS.] ~~If a construction contract has not been awarded within two years of approval, the approval shall not be valid.~~ After approval, as required in subdivision 2, final plans and the approval shall be filed with the commissioner of education. If substantial changes are made to approved plans, documents reflecting the changes shall be submitted to the commissioner for approval. Upon completing a project, the school board shall certify to the commissioner that the project was completed according to the approved plans.

Sec. 7. Minnesota Statutes 1990, section 121.15, subdivision 6, is amended to read:

Subd. 6. [REVIEW AND COMMENT.] (a) Before May 1, 1992, no referendum for bonds or solicitation of bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of $400,000 per school site shall be *initiated* prior to review and comment by the commissioner. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

(b) After May 1, 1992, a district must not hold a referendum for bonds or solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure of more than $50,000 unless the five-year facilities plan describing the project has been approved.

(c) After May 1, 1992, a district must not hold a referendum for

bonds or solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure of more than $1,000,000 per school site unless the project has received a positive or unfavorable review and comment separate from the five-year facilities plan from the commissioner.

Sec. 8. Minnesota Statutes 1990, section 121.15, subdivision 7, is amended to read:

Subd. 7. [INFORMATION REQUIRED FOR REVIEW AND COMMENT.] A school ~~board proposing to construct a facility described in subdivision 6 shall submit to the commissioner a proposal containing information including~~ district's application for review and comment as required by subdivision 6, paragraph (c), must include at least the following information:

~~(a)~~ (1) the geographic area ~~proposed to be~~ served by existing facilities and any proposed new facilities, whether within or outside the boundaries of the school district;

~~(b)~~ (2) the people ~~proposed to be~~ served by existing facilities and any proposed new facilities, including census findings and projections for the next ten years of the number of preschool and school-aged people in the area;

~~(c)~~ (3) the ~~reasonably~~ facilities that now exist and a description of any anticipated need for ~~the~~ a new facility or ~~service~~ additional services to be provided;

~~(d)~~ (4) a description of the construction and site in reasonable detail~~, including: the expenditures contemplated~~; as it relates to space for the educational program provided by the project; the estimated annual operating cost, including the anticipated salary and number of new staff necessitated by the proposal; ~~and~~ an evaluation of the energy efficiency and effectiveness of the construction, including estimated annual energy costs; and a description of the telephone capabilities of the facility and its classrooms;

~~(e)~~ (5) a description of existing facilities within the area to be served and within school districts adjacent to the area to be served; the extent to which existing facilities or services are used; the extent to which alternate space is available, including other school districts, post-secondary institutions, other public or private buildings, or other noneducation community resources; and the anticipated effect that the facility will have on existing facilities and services;

~~(f)~~ (6) the anticipated benefit of the new facility to the area;

~~(g)~~ (7) if known, the relationship of the proposed new construction to any priorities that have been established for the area to be served;

~~(h) the availability and manner of financing the facility and the estimated date to begin and complete the facility;~~

~~(i)~~ (8) desegregation requirements that cannot be met by any other reasonable means;

~~(j)~~ (9) the relationship of the proposed facility to the cooperative integrated learning needs of the area; ~~and~~

~~(k)~~ (10) the effects of the proposed facility on the district's operating budget; and

(11) information in the current approved five-year plan about the project.

Sec. 9. Minnesota Statutes 1990, section 121.15, subdivision 8, is amended to read:

Subd. 8. [REVIEW OF ~~PROPOSALS~~ FIVE-YEAR PLANS.] ~~In reviewing each proposal,~~ The commissioner shall ~~submit to the school board, within 60 days of receiving the proposal, the review and comment about the educational and economic advisability of the project~~ approve or disapprove each district's five-year facilities plan by May 1 of each year. ~~The review and comment~~ Approval or disapproval shall be based on information submitted with the proposal and other information the commissioner determines is necessary. If the commissioner ~~submits a negative review and comment for a portion of a proposal~~ disapproves a district's five-year plan, the ~~review and comment~~ commissioner shall clearly specify which portion of the ~~proposal received a negative review and comment~~ five-year plan resulted in disapproval and which portion of the ~~proposal received a positive review and comment~~ five-year plan was acceptable. Approval of projects contained in the five-year plan does not limit the commissioner's review and comment authority under subdivision 6, paragraph (c), and section 121.148.

Sec. 10. Minnesota Statutes 1990, section 121.15, subdivision 9, is amended to read:

Subd. 9. [PUBLICATION.] At least 20 days but not more than 60 days before a referendum for bonds or solicitation of bids ~~to construct a facility described in subdivision 6,~~ for a project that has received a positive or unfavorable review and comment under section 121.148, the school board shall publish the commissioner's review and comment of that project in the legal newspaper of the district. Supplementary information shall be available to the public.

Sec. 11. Minnesota Statutes 1990, section 121.155, is amended to read:

121.155 [JOINT POWERS AGREEMENTS FOR ~~EDUCATIONAL~~ FACILITIES.]

Subdivision 1. [INSTRUCTIONAL FACILITIES.] Any group of districts may form a joint powers district under section 471.59 representing all participating districts to build or acquire a facility to be used for instructional purposes. The joint powers board must submit the project for review and comment under section 121.15. The joint powers board must hold a hearing on the proposal. The joint powers district must submit the question of authorizing the borrowing of funds for the project to the voters of the joint powers district at a special election. The question submitted shall state the total amount of funding needed from all sources. The joint powers board may issue the bonds according to chapter 475 and certify the levy required by section 475.61 only if a majority of those voting on the question vote in the affirmative and only after the school boards of each member district have adopted a resolution pledging the full faith and credit of that district. The resolution shall irrevocably commit that district to pay a proportionate share, based on pupil units, of any debt levy shortages that, together with other funds available, would allow the joint powers board to pay the principal and interest on the obligations. The district's payment of its proportionate share of the shortfall shall be made from the district's capital expenditure fund. The clerk of the joint powers board must certify the vote of the bond election to the commissioner of education.

Subd. 2. [SHARED FACILITIES.] A group of governmental units may form a joint powers district under section 471.59 representing all participating units to build or acquire a facility. The joint powers board must submit the project for review and comment under section 121.15. The joint powers board must hold a hearing on the proposal. The joint powers district must submit the question of authorizing the borrowing of funds for the project to the voters of the joint powers district at a special election. The question submitted shall state the total amount of funding needed from all sources. The joint powers board may issue the bonds according to chapter 475 and certify the levy required by section 475.61 only if a majority of those voting on the question vote in the affirmative and only after the boards of each member unit have adopted a resolution pledging the full faith and credit of that unit. The resolution must irrevocably commit that unit to pay an agreed upon share of any debt levy shortages that, together with other funds available, would allow the joint powers board to pay the principal and interest on the obligations. The clerk of the joint powers board must certify the vote of the bond election to the commissioner of education.

Sec. 12. Minnesota Statutes 1990, section 124.195, subdivision 9, is amended to read:

Subd. 9. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] One hundred percent of the aid for the current fiscal year must be paid for

the following aids: management information center subsidies, according to section 121.935; reimbursement for transportation to post-secondary institutions, according to section 123.3514, subdivision 8; aid for the program for adults with disabilities, according to section 124.271, subdivision 7; school lunch aid, according to section 124.646; tribal contract school aid, according to section 124.85; hearing impaired support services aid, according to section 121.201; Indian post-secondary preparation grants according to section 124.481; ~~and~~ integration grants according to Laws 1989, chapter 329, article 8, section 14, subdivision 3; and debt service aid according to section 124.95, subdivision 5.

Sec. 13. Minnesota Statutes 1990, section 124.83, subdivision 4, is amended to read:

Subd. 4. [HEALTH AND SAFETY LEVY.] (a) To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing (a) the adjusted gross tax capacity for fiscal year 1991, and (b) the adjusted net tax capacity for 1992 and later fiscal years, of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) ~~$7,103.60 for fiscal year 1991 and $5,304~~ $3,515 for 1992 and later fiscal years.

(b) For fiscal year 1993, total health and safety revenue must not exceed $58,800,000. The commissioner of education shall establish criteria for prioritizing district health and safety project applications not to exceed this amount.

Sec. 14. [124.95] [DEBT SERVICE EQUALIZATION PROGRAM.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the required debt service levy of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district, including the amounts necessary for repayment of energy loans according to section 216C.37, debt service loans and capital loans, minus

(2) the amount of any surplus remaining in the debt service fund when the obligations and interest on them have been paid.

Subd. 2. [ELIGIBILITY.] To be eligible for debt service equalization revenue, the following conditions must be met:

(1) the required debt service levy of a district must exceed the amount raised by a level of eight percent times the adjusted net tax capacity of the district;

(2) for bond issues approved after July 1, 1990, the construction project must have received a positive review and comment according to section 121.15; and

(3) the bond schedule must be approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

Subd. 3. [DEBT SERVICE EQUALIZATION REVENUE.] (a) For fiscal years 1995 and later, the debt service equalization revenue of a district equals the required debt service levy minus the amount raised by a levy of eight percent times the adjusted net tax capacity of the district.

(b) For fiscal year 1993, debt service equalization revenue equals one-third of the amount calculated in paragraph (a).

(c) For fiscal year 1994, debt service equalization revenue equals two-thirds of the amount calculated in paragraph (a).

Subd. 4. [EQUALIZED DEBT SERVICE LEVY.] To obtain debt service equalization revenue, a district must levy an amount not to exceed the district's debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the year to which the levy is attributable; or

(2) the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

Subd. 5. [DEBT SERVICE EQUALIZATION AID.] A district's debt service equalization aid is the difference between the debt service equalization revenue and the equalized debt service levy. A district's debt service equalization aid must not be prorated.

Subd. 6. [DEBT SERVICE EQUALIZATION AID PAYMENT SCHEDULE.] Debt service equalization aid must be paid as follows: one-third before September 15, one-third before December 15, and one-third before March 15 of each year.

Sec. 15. [124.96] [ANNUAL DEBT SERVICE EQUALIZATION AID APPROPRIATION.]

There is annually appropriated from the general fund to the department of education the amount necessary for debt service equalization aid. This amount must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 16. [124.97] [DEBT SERVICE LEVY.]

A school district may levy the amounts necessary to make payments for bonds issued and for interest on them, including the bonds and interest on them, issued as authorized by Minnesota Statutes 1974, section 275.125, subdivision 3, clause (7)(C); and the amounts necessary for repayment of debt service loans and capital loans, minus the amount of debt service equalization revenue of the district.

Sec. 17. Minnesota Statutes 1990, section 275.125, subdivision 4, is amended to read:

Subd. 4. [MISCELLANEOUS LEVY AUTHORIZATIONS.] (a) A school district may levy ~~the amounts necessary to make payments for bonds issued and for interest thereon, including the bonds and interest thereon, issued as authorized by Minnesota Statutes 1974, section 275.125, subdivision 3, clause (7)(C); the amounts necessary for repayment of debt service loans and capital loans;~~ the amounts necessary to pay the district's obligations under section 6.62; the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08; the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; the amounts necessary to pay the district's obligations under section 122.533; and for severance pay required by this section and section 122.535, subdivision 6.

(b) An education district that negotiates a collective bargaining agreement for teachers under section 122.937 may certify to the department of education the amount necessary to pay all of the *member* districts' obligations and the education district's obligations under section 268.06, subdivision 25.

The department of education must allocate the levy amount proportionately among the member districts based on adjusted net tax capacity. The member districts must levy the amount allocated.

(c) Each year, a member district of an education district that levies under this subdivision must transfer the amount of revenue certified under paragraph (b) to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:

(1) 50 percent times

(2) the amount certified in paragraph (b) minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.

Sec. 18. Minnesota Statutes 1990, section 275.125, subdivision 11d, is amended to read:

Subd. 11d. [EXTRA CAPITAL ~~EXPENDITURE~~ LEVY ~~FOR LEASING~~ TO LEASE BUILDINGS AND SITES.] When a district finds it economically advantageous to rent or lease a building or site for any instructional purposes and it determines that the capital expenditure facilities revenues authorized under section 124.243 are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use. The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or site for approved purposes. The proceeds of this levy must not be used for leasing or renting a facility or site owned by a district or for custodial or other maintenance services.

Sec. 19. [373.42] [COUNTY FACILITIES GROUP.]

Subdivision 1. [ESTABLISHMENT.] Each county outside of the seven-county metropolitan area must establish a county facilities group by July 1, 1992.

Subd. 2. [MEMBERSHIP.] A county facilities group consists of at least one representative from the county board, one representative from each city located within the county, one representative from each school district located within the county, up to three representatives of townships selected by the county board, and two other members selected by the county board.

Subd. 3. [DUTIES.] The county facilities group shall develop an inventory of all public buildings located within the county. The inventory shall include an assessment of the condition of each public building and document any under used space in the buildings.

Subd. 4. [COMMENT.] The county facilities group shall review and comment on any proposed joint facility and may submit comments to the commissioner of education on any school district facility that is proposed within the county.

Sec. 20. [473.23] [PUBLIC FACILITIES REVIEW.]

Subdivision 1. [INVENTORY.] The metropolitan council, in consultation with appropriate state agencies and local officials, must develop an inventory of all public buildings located within the metropolitan area. The inventory must include an assessment of the condition of each public building and document any under used space in the buildings.

Subd. 2. [SHARED FACILITIES.] The metropolitan council must review and comment on any joint facility proposed under section 121.155 and may submit comments to the commissioner of education on any school district facility that is proposed within the metropolitan area.

Sec. 21. [APPLICATION.]

Minnesota Statutes, section 473.23, applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 22. [HEALTH AND SAFETY LEVY ADJUSTMENT.]

The department of education shall adjust the 1991 payable 1992 levy for each school district or intermediate district by the amount of the change in the district's health and safety levy for fiscal year 1992 according to Minnesota Statutes, section 124.83, subdivision 4, resulting from the change to the health and safety equalizing factor in section 12. Notwithstanding Minnesota Statutes, section 121.904, the entire amount of this levy must be recognized as revenue for fiscal year 1992.

Sec. 23. [STATE PLANNING AGENCY EVALUATION.]

The state planning agency shall evaluate the feasibility and cost-effectiveness of requiring local units of government or the department of administration to first offer any surplus buildings to other local units of government before selling the buildings to a nongovernmental entity. The results of the evaluation must be submitted to the legislature by January 15, 1992.

Sec. 24. [BONDS FOR CERTAIN CAPITAL FACILITIES.]

In addition to other bonding authority, with approval of the commissioner, independent school districts No. 393, LeSueur, No. 508, St. Peter, and No. 734, Henderson, may issue bonds for certain

capital projects under this section. The bonds must be used only to make capital improvements including equipping school buildings, improving handicap accessibility to school buildings, and bringing school buildings into compliance with fire codes.

Before a district issues bonds under this subdivision, it must publish notice of the intended projects, related costs, and the total amount of district indebtedness.

A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of the board's action. The percentage is to be determined with reference to the number of registered voters in the school district on the last day before the petition is filed with the school board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

The bonds may be issued in a principal amount, that when combined with interest thereon, will be paid off with 50 percent of current and anticipated revenue for capital facilities under this section or a successor section for the current year plus projected revenue not greater than the current year for the next ten years. Once finally authorized, the district must set aside 50 percent of the current year's revenue for capital facilities under this section or a successor section each year in a separate account until all principal and interest on the bonds is paid. The district must annually transfer this amount from its capital fund to the debt redemption fund. The bonds must be paid off within ten years of issuance. The bonds must be issued in compliance with Minnesota Statutes, chapter 475, except as otherwise provided in this section.

Sec. 25. [HUTCHINSON SCHOOL DISTRICT LEASE PURCHASE LEVY.]

Notwithstanding Minnesota Statutes, section 275.125 or other law, independent school district No. 423, Hutchinson, may levy each year for the annual payments required on a lease purchase agreement for a facility for level V emotionally and behaviorally disturbed special education students.

Sec. 26. [ST. PAUL SCHOOL DISTRICT BONDS.]

Subdivision 1. [BONDING AUTHORIZATION.] To provide funds to acquire or better school facilities, independent school district No. 625 may by two-thirds majority vote of all the members of the board of directors issue general obligation bonds in one or more series in calendar years 1992 to 1996 as provided in this section. The

aggregate principal amount of any bonds issued under this section in calendar year 1992 must not exceed $12,500,000 and in calendar years 1993 to 1996 must not exceed $9,000,000 each year. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. As with other bonds issued by independent school district No. 625, the first sentence of Minnesota Statutes, section 475.53, subdivision 5, does not apply to issuance of the bonds. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 124, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of Minnesota Statutes, chapter 124, or any other law other than Minnesota Statutes, section 475.53, subdivision 4.

Subd. 2. [TAX LEVY FOR DEBT SERVICE.] To pay the principal of and interest on bonds issued under subdivision 1, independent school district No. 625 must levy a tax annually in an amount required under Minnesota Statutes, section 475.61, subdivisions 1 and 3. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 124A or 275, or other law.

Sec. 27. [TAXPAYER NOTIFICATION.]

Subdivision 1. [APPLICABILITY.] This section applies to bonding authority granted under section 26.

Subd. 2. [NOTICE.] (a) A school board must prepare a notice of the public meeting on the proposed sale of all or any of the bonds and mail the notice to each postal patron residing within the school district. The notice must be mailed at least 15 days but not more than 30 days before the meeting. Notice of the meeting must also be posted in the administrative office of the school district and must be published twice during the 14 days before the meeting in the official newspaper of the city in which the school district is located.

(b) The notice must contain the following information:

(1) the proposed dollar amount of bonds to be issued;

(2) the dollar amount of the levy increase necessary to pay the principal and interest on the newly authorized bonds;

(3) the estimated levy amount and net tax capacity rate necessary to make the debt service payments on any existing outstanding debt;

(4) the projected effects on individual property types; and

(5) the required levy and principal and interest on all outstanding bonds in addition to the bonds proposed under clause (1).

(c) To comply with paragraph (b), clause (4), the notice must show the projected annual dollar increase and net tax capacity rate increase for a representative range of residential homestead, residential nonhomestead, apartments, and commercial-industrial properties located within each state senate district in the school district.

Subd. 3. [BOND AUTHORIZATION.] A school board may vote to issue bonds newly authorized under section 26 only after complying with the requirements of subdivision 2.

Sec. 28. [MAXIMUM EFFORT CAPITAL LOAN DEBT REDEMPTION EXCESS.]

Notwithstanding Minnesota Statutes, section 124.431, subdivision 11, or any other law to the contrary, a school district having an outstanding capital loan that has an excess amount in the debt redemption fund as calculated according to Minnesota Statutes, section 124.431, subdivision 11, may apply to the commissioner for an adjustment to the amount of excess owed to the state. The commissioner may reduce the excess that a district owes the state if a district's capital loan is outstanding and if the commissioner determines that any of the following conditions apply:

(1) a district is likely to incur a substantial property tax delinquency that will adversely affect the district's ability to make its scheduled bond payments;

(2) a district's agreement with its bondholders or its taxpayers could be impaired; or

(3) the district's tax capacity per pupil is less than one-tenth of the equalizing factor as defined in Minnesota Statutes, section 124A.02, subdivision 8. The amount of the excess that may be forgiven may not exceed $200,000 in a single year for any district.

Sec. 29. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [CAPITAL EXPENDITURE FACILITIES AID.] For capital expenditure facilities aid according to Minnesota Statutes, section 124.243, subdivision 5:

$72,940,000 1992

$71,816,000 1993

The 1992 appropriation includes $10,920,000 for 1991 and $62,020,000 for 1992.

The 1993 appropriation includes $10,944,000 for 1992 and $60,872,000 for 1993.

Subd. 3. [CAPITAL EXPENDITURE EQUIPMENT AID.] For capital expenditure equipment aid according to Minnesota Statutes, section 124.244, subdivision 3:

$36,593,000 1992

$36,052,000 1993

The 1992 appropriation includes $5,460,000 for 1991 and $31,133,000 for 1992.

The 1993 appropriation includes $5,493,000 for 1992 and $30,559,000 for 1993.

Subd. 4. [HEALTH AND SAFETY AID.] For health and safety aid according to Minnesota Statutes, section 124.83, subdivision 5:

$11,578,000 1992

$10,427,000 1993

The 1992 appropriation includes $1,650,000 for 1991 and $9,928,000 for 1992.

The 1993 appropriation includes $1,752,000 for 1992 and $8,675,000 for 1993.

Subd. 5. [MAXIMUM EFFORT SCHOOL LOAN FUND.] For the maximum effort school loan fund:

$0 1992

$6,139,000 1993

These appropriations must 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 must 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. 6. [DEBT SERVICE AID.] For debt service aid according to Minnesota Statutes, section 124.95, subdivision 5:

$10,100,000 1993

Sec. 30. [EFFECTIVE DATE; LOCAL APPROVAL.]

Sections 26 and 27 are effective the day after the governing body of independent school district No. 625 complies with Minnesota Statutes, sections 645.021, subdivision 3.

ARTICLE 6

EDUCATION ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1990, section 120.08, subdivision 3, is amended to read:

Subd. 3. [SEVERANCE PAY.] A district shall pay severance pay to a teacher who is~~:~~

~~(1)~~ placed on unrequested leave of absence by the district ~~because the teacher's position is discontinued~~ as a result of an agreement under this section~~; and~~

~~(2) not employed by another district for the school year following the teacher's placement on unrequested leave of absence~~. A teacher is eligible under this subdivision if the teacher:

(1) is a teacher, as defined in section 125.12, subdivision 1, but not a superintendent; and

(2) has a continuing contract with the district according to section 125.12, subdivision 4.

The amount of severance pay equals the teacher's salary for the school year during which the teacher was placed on unrequested leave of absence minus the gross amount the teacher was paid during the 12 months following the teacher's termination of salary, by an entity whose teachers by law must possess a valid Minnesota

teaching license and minus the amount a teacher receives as severance or other similar pay according to a contract with the district or district policy. These entities include, but are not limited to, the school district that placed the teacher on unrequested leave of absence, another school district in Minnesota, an education district, an intermediate school district, an ECSU, a board formed under section 471.59, a technical college, a state residential academy, the Minnesota center for arts education, a vocational center, or a special education cooperative. These entities do not include a school district in another state, a Minnesota public post-secondary institution, and a state agency. Only amounts earned by the teacher as a substitute teacher or in a position requiring a valid Minnesota teaching license must be subtracted. A teacher may decline any offer of employment as a teacher without loss of rights to severance pay.

At the expiration of the first six months following termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during the first six months to determine the amount of severance pay that is due for that period. At the expiration of the 12 months following the termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during the second six months to determine the remaining amount of severance pay that is due.

The severance pay ~~shall be equivalent to the teacher's salary for one year and~~ is subject to section 465.72. The district may levy annually according to section 275.125, subdivision 4, for the severance pay.

Sec. 2. Minnesota Statutes 1990, section 121.912, is amended by adding a subdivision to read:

Subd. 6. [ACCOUNT TRANSFER FOR REORGANIZING DISTRICTS.] A school district that has reorganized according to section 122.22, 122.23, or sections 122.241 to 122.248 may make permanent transfers between any of the funds in the newly created or enlarged district with the exception of the debt redemption fund. Fund transfers under this section may be made only during the year following the effective date of reorganization.

Sec. 3. [121.915] [REORGANIZATION OPERATING DEBT.]

The "reorganization operating debt" of a school district means the net negative undesignated fund balance in all school district funds, other than capital expenditure, building construction, debt redemption, trust and agency, and post-secondary vocational technical education funds, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts as of:

(1) June 30 of the fiscal year before the first year that a district receives revenue according to section 124.2725; or

(2) June 30 of the fiscal year before the effective date of reorganization according to section 122.22 or 122.23.

Sec. 4. Minnesota Statutes 1990, section 122.22, subdivision 7a, is amended to read:

Subd. 7a. Before the day of a hearing ordered pursuant to this section, each district adjoining the district proposed for dissolution shall provide the following information and resolution to the county auditor of the county containing the greatest land area of the district proposed for dissolution:

(a) The outstanding bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, and the capital loan obligation of the district;

(b) The net tax capacity of the district;

(c) The most current school tax rates for the district, including any referendum, discretionary, or other optional levies being assessed currently and the expected duration of the levies;

(d) A resolution passed by the school board of the district stating that if taxable property of the dissolved district is attached to it, one of the following requirements is imposed: (1) the taxable property of the dissolving district which is attached to its district shall not be liable for the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, or the capital loan obligation of the district which existed as of the time of the attachment; (2) the taxable property of the dissolving district which is attached to its district shall be liable for the payment of the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, or the capital loan obligation of the district which existed as of the time of the attachment in the proportion which the net tax capacity of that part of the dissolving district which is included in the newly enlarged district bears to the net tax capacity of the entire district as of the time of attachment; or (3) the taxable property of the dissolving district which is attached to its district shall be liable for some specified portion of the amount that could be requested pursuant to subclause (2).

An apportionment pursuant to subclause (2) or (3) shall be made by the county auditor of the county containing the greatest land area of the district proposed for transfer.

An apportionment of bonded indebtedness, outstanding energy

loans made according to section 216C.37 or sections 298.292 to 298.298, or capital loan obligation pursuant to subclause (2) or (3) shall not relieve any property from any tax liability for payment of any bonded or capital obligation, but taxable property in a district enlarged pursuant to this section becomes primarily liable for the payment of the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, or capital loan obligation to the extent of the proportion stated.

Sec. 5. Minnesota Statutes 1990, section 122.22, subdivision 9, is amended to read:

Subd. 9. An order issued under subdivision 8, clause (b), shall contain the following:

(a) A statement that the district is dissolved unless the results of an election held pursuant to subdivision 11 provide otherwise;

(b) A description by words or plat or both showing the disposition of territory in the district to be dissolved;

(c) The outstanding bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, and the capital loan obligation of the district to be dissolved;

(d) A statement requiring the fulfillment of the requirements imposed by each adjoining district to which territory in the dissolving district is to be attached regarding the assumption of its outstanding preexisting bonded indebtedness by any territory from the dissolving district which is attached to it;

(e) An effective date for the order. The effective date shall be at least three months after the date of the order, and shall be July 1 of an odd-numbered year; and

(f) Other information the county board may desire to include.

The auditor shall within ten days from its issuance serve a copy of the order by mail upon the clerk of the district to be dissolved and upon the clerk of each district to which the order attaches any territory of the district to be dissolved and upon the auditor of each other county in which all or any part of the district to be dissolved or any district to which the order attaches territory lies, and upon the commissioner.

Sec. 6. Minnesota Statutes 1990, section 122.23, subdivision 2, is amended to read:

Subd. 2. (a) Upon a resolution of a school board in the area proposed for consolidation or upon receipt of a petition therefor

executed by 25 percent of the voters resident in the area proposed for consolidation or by 50 such voters, whichever is lesser, the county auditor of the county which contains the greatest land area of the proposed new district shall forthwith cause a plat to be prepared. The resolution or petition shall show the approximate area proposed for consolidation.

(b) The resolution or petition may propose ~~either~~ the following:

(1) that the bonded debt of the component districts will be paid according to the levies previously made for that debt under chapter 475, as provided in subdivision 16a, or that the taxable property in the newly created district will be taxable for the payment of the bonded debt previously incurred by any component district as provided in subdivision 16b. ~~The resolution or petition may also propose~~;

(2) that obligations for a capital loan or an energy loan made according to section 216C.37 or sections 298.292 to 298.298 outstanding in a preexisting district as of the effective date of consolidation remain solely with the preexisting district that obtained the loan, or that the capital loan or energy loan obligations will be assumed by the newly created or enlarged district and paid by the newly created or enlarged district on behalf of the preexisting district that obtained the loan;

~~(c)~~ (3) that referendum levies previously approved by voters of the component districts pursuant to section 124A.03, subdivision 2, or its predecessor provision, be combined as provided in section 122.531, subdivision 2a or 2b, or that the referendum levies be discontinued. ~~The resolution or petition may also propose~~;

(4) that the board of the newly created district consist of seven members~~, and may also propose the establishment of~~; or

(5) that separate election districts from which school board members will be elected, the boundaries of these election districts, and the initial term of the member elected from each of these election districts be established. If a county auditor receives more than one request for a plat and the requests involve parts of identical districts, the auditor shall forthwith prepare a plat which in the auditor's opinion best serves the educational interests of the inhabitants of the districts or areas affected.

(c) The plat shall show:

~~(a)~~ (1) Boundaries of the proposed district, as determined by the county auditor, and present district boundaries,

~~(b)~~ (2) The location of school buildings in the area proposed as a

new district and the location of school buildings in adjoining districts,

~~(c)~~ (3) The boundaries of any proposed separate election districts, and

~~(d)~~ (4) Other pertinent information as determined by the county auditor.

Sec. 7. Minnesota Statutes 1990, section 122.23, subdivision 3, is amended to read:

Subd. 3. A supporting statement to accompany the plat shall be prepared by the county auditor. The statement shall contain:

(a) The adjusted net tax capacity of property in the proposed district,

(b) If a part of any district is included in the proposed new district, the adjusted net tax capacity of the property and the approximate number of pupils residing in the part of the district included shall be shown separately and the adjusted net tax capacity of the property and the approximate number of pupils residing in the part of the district not included shall also be shown,

(c) The reasons for the proposed consolidation, including a statement that at the time the plat is submitted to the state board of education, no proceedings are pending to dissolve any district involved in the plat unless all of the district to be dissolved and all of each district to which attachment is proposed is included in the plat,

(d) A statement showing that the jurisdictional fact requirements of subdivision 1 are met by the proposal,

(e) Any proposal contained in the resolution or petition regarding the disposition of the bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, capital loan obligations, or referendum levies of component districts,

(f) Any other information the county auditor desires to include, and

(g) The signature of the county auditor.

Sec. 8. Minnesota Statutes 1990, section 122.242, subdivision 9, is amended to read:

Subd. 9. [FINANCES.] The plan must state:

(1) whether debt service for the bonds outstanding at the time of combination remains solely with the district that issued the bonds or whether the debt service for the bonds will be assumed by the combined district and paid by the combined district on behalf of the district that issued the bonds;

(2) whether obligations for a capital loan or energy loan made according to section 216C.37 or sections 298.292 to 298.298 outstanding at the time of combination remain solely with the district that obtained the loan, or whether the capital loan obligations will be assumed by the combined district and paid by the combined district on behalf of the district that obtained the loan;

(3) the treatment of debt service levies and referendum levies;

~~(3)~~ (4) whether the cooperating or combined district will levy for reorganization operating debt according to section 3, clause (1); and

(5) two-, five-, and ten-year projections, prepared by the department of education upon the request of any district, of revenues, expenditures, and property taxes for each district if it cooperated and combined and if it did not.

Sec. 9. Minnesota Statutes 1990, section 122.531, is amended by adding a subdivision to read:

Subd. 4a. [REORGANIZATION OPERATING DEBT LEVIES.] (a) A district that is cooperating or has combined according to sections 122.241 to 122.248 may levy to eliminate reorganization operating debt as defined in section 3, clause (1). The amount of the debt must be certified over a period not to exceed five years. After the effective date of combination according to sections 122.241 to 122.248, the levy may be certified and spread only either on the property in the combined district that would have been taxable in the preexisting district that incurred the debt or on all of the taxable property in the combined district.

(b) A district that has reorganized according to section 122.22 or 122.23 may levy to eliminate reorganization operating debt as defined in section 3, clause (2). The amount of debt must be certified over a period not to exceed five years and may be spread either only on the property in the newly created or enlarged district which was taxable in the preexisting district that incurred the debt or on all of the taxable property in the newly created or enlarged district.

Sec. 10. Minnesota Statutes 1990, section 122.531, is amended by adding a subdivision to read:

Subd. 4b. [CAPITAL LOAN LEVIES.] A district that is newly created or enlarged according to section 122.22, 122.23, or sections

122.241 to 122.248, may levy for a capital loan obligation incurred by a preexisting district. The levy may be certified and spread on either only the property in the newly created or enlarged district that would have been taxable in the preexisting district that incurred the capital loan obligation or on all of the taxable property in the newly created or enlarged district.

Sec. 11. Minnesota Statutes 1990, section 122.535, subdivision 6, is amended to read:

Subd. 6. [SEVERANCE PAY.] A district shall pay severance pay to a teacher who is:

~~(1)~~ placed on unrequested leave of absence by the district ~~because the teacher's position is discontinued~~ as a result of the agreement; ~~and~~

~~(2) not employed by another district for the school year following the teacher's placement on unrequested leave of absence~~. A teacher is eligible under this subdivision if the teacher:

(1) is a teacher, as defined in section 125.12, subdivision 1, but not a superintendent; and

(2) has a continuing contract with the district according to section 125.12, subdivision 4.

The amount of severance pay equals the teacher's salary for the school year during which the teacher was placed on unrequested leave of absence minus the gross amount the teacher was paid during the 12 months following the teacher's termination of salary, by an entity whose teachers by law must possess a valid Minnesota teaching license and minus the amount a teacher receives as severance or other similar pay according to a contract with the district or district policy. These entities include, but are not limited to, the school district that placed the teacher on unrequested leave of absence, another school district in Minnesota, an education district, an intermediate school district, an ECSU, a board formed under section 471.59, a technical college, a state residential academy, the Minnesota center for arts education, a vocational center, or a special education cooperative. These entities do not include a school district in another state, a Minnesota public post-secondary institution, and a state agency. Only amounts earned by the teacher as a substitute teacher or in a position requiring a valid Minnesota teaching license must be subtracted. A teacher may decline any offer of employment as a teacher without loss of rights to severance pay.

At the expiration of the first six months following termination of the teacher's salary, the district may require the teacher to provide

documented evidence of the teacher's employers and gross earnings during the first six months to determine the amount of severance pay that is due for that period. At the expiration of the 12 months following the termination of the teacher's salary, the district may require the teacher to provide documented evidence of the teacher's employers and gross earnings during the second six months to determine the remaining amount of severance pay that is due.

The severance pay ~~shall be equivalent to the teacher's salary for one year and~~ is subject to section 465.72. The district may levy annually according to section 275.125, subdivision 4, for the severance pay.

Sec. 12. Minnesota Statutes 1990, section 122.94, subdivision 6, is amended to read:

Subd. 6. [COMMON ACADEMIC CALENDAR.] For 1991-1992 and later school years, the agreement must require a common academic calendar for all member districts of an education district. For purposes of this subdivision, a common academic calendar must include ~~at least~~ the following:

(1) ~~the number of days of instruction~~ at least the same number of instructional days in common as are offered by the member district with the fewest number of instructional days;

(2) the same first and last days of instruction in a school year; and

(3) ~~the specific days reserved for staff development~~ at least the same number of staff development days in common as are provided by the member district with the fewest number of staff development days.

Before the 1990-1991 school year, each education district must report to the state board of education on ways that other components of the academic calendar in each member district will affect the implementation of the five-year plan described in section 122.945. Other components include the length of the school day, the time the school day begins and ends, and the number of periods in the day.

Sec. 13. Minnesota Statutes 1990, section 124.2721, subdivision 2, is amended to read:

Subd. 2. [REVENUE.] Each year the education district board shall certify to the department of education the amount of education district revenue to be raised. Education district revenue shall be the lesser of:

(1) the amount certified by the education district board~~;~~, or

(2) ~~the sum of:~~

~~(i) $60 in basic education district revenue; and~~

~~(ii) $50 for education districts authorized to receive revenue under Laws 1990, chapter 562, article 6, section 36, subdivision 2,~~ $52 times the actual pupil units in the education district.

Sec. 14. Minnesota Statutes 1990, section 124.2721, subdivision 3, is amended to read:

Subd. 3. [LEVY.] The education district levy is equal to the following:

(1) the education district revenue according to subdivision 2, times

(2) the lesser of

(a) one, or

(b) the ratio of the adjusted net tax capacity of the education district divided by the number of actual pupil units in the education district to an amount equal to ~~the sum of subdivision 2, clause (2), items (i) and (ii), for which the education district is eligible~~ $52 divided by 1.87 percent.

The department of education shall allocate the levy amount proportionately among the member districts based on adjusted tax capacity. The member districts shall levy the amount allocated.

Sec. 15. Minnesota Statutes 1990, section 124.2725, subdivision 6, is amended to read:

Subd. 6. [ADDITIONAL AID.] In addition to the aid in subdivision 5, districts shall receive aid under this subdivision. For the first year of cooperation and the year following that year, a district shall receive, for each resident and nonresident pupil receiving instruction in a cooperating district, ~~$100~~ $50 times the actual pupil units. For the first year of combination and the year following that year, the combined district shall receive, for each resident and nonresident pupil receiving instruction in the combined district, ~~$100~~ $50 times the actual pupil units.

Sec. 16. Minnesota Statutes 1990, section 124.431, is amended by adding a subdivision to read:

Subd. 15. [OBLIGATIONS UPON DISTRICT REORGANIZATION.] If a district has a capital loan outstanding at the time of reorganization according to section 122.22, 122.23, or sections 122.241 to 122.248, and if the plan for reorganization provides for

payment of the capital loan obligation by the newly created or enlarged district or makes no provision for payment, all of the taxable property in the newly created or enlarged district is taxable for the payment. Notwithstanding any contract to the contrary, the department of education shall recalculate the capital loan maximum tax rate so that the amount of revenue raised is equivalent to the amount raised by the existing tax rate applied to the taxable property in the preexisting district.

Notwithstanding any contract to the contrary, if the plan for reorganization specifies that the obligation for a capital loan remains solely with the preexisting district that incurred the obligation, the obligation of the taxable property in the preexisting district with respect to payment of the capital loan is not affected by the reorganization. This subdivision does not relieve any property from any tax liability for payment of any capital loan obligation.

Sec. 17. Minnesota Statutes 1990, section 124.575, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A secondary vocational cooperative established under section 123.351 is eligible for secondary vocational cooperative revenue for fiscal year 1992 if it meets the size requirements specified in section 122.91, subdivision 3, and the cooperative offers programs authorized under section 123.351, subdivision 4, paragraph (b), clause (1), and clause (2) or (3). The pupil units of a district that is a member of intermediate school district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a district may not be used to obtain revenue under this section and section 124.2721.

Sec. 18. Minnesota Statutes 1990, section 124.575, subdivision 2, is amended to read:

Subd. 2. [REVENUE.] Each year the secondary vocational cooperative board shall certify to the department of education the amount of revenue to be raised. Revenue for the secondary vocational cooperative for fiscal year 1992 shall be the lesser of:

(1) ~~$20~~ $19.55 times the actual pupil units in the secondary vocational cooperative, or

(2) the amount certified by the secondary vocational cooperative board.

Sec. 19. Minnesota Statutes 1990, section 124.575, subdivision 3, is amended to read:

Subd. 3. [LEVY.] The secondary vocational cooperative levy is equal to the following:

(1) the secondary vocational cooperative revenue according to subdivision 2, times

(2) the lesser of

(a) one, or

(b) the ratio of the adjusted net tax capacity for taxes payable in 1991 ~~and thereafter~~ of the secondary vocational cooperative divided by the number of actual pupil units in the secondary vocational cooperative to an amount equal to $20 divided by .78 percent for taxes payable in 1991 ~~and thereafter~~.

The department of education shall allocate the levy amount proportionately among the member districts based on adjusted tax capacity. The member districts shall levy the amount allocated.

Sec. 20. Minnesota Statutes 1990, section 124.575, subdivision 4, is amended to read:

Subd. 4. [AID.] The aid for a secondary vocational cooperative equals its secondary vocational cooperative revenue minus its secondary vocational cooperative levy~~, times the ratio of the actual amount levied to the permitted levy~~.

Sec. 21. Minnesota Statutes 1990, section 136D.27, subdivision 1, is amended to read:

Subdivision 1. [LEVIES FOR CERTAIN PROGRAMS.] Each year the ~~joint~~ intermediate school board may certify to each ~~participating school district~~ county auditor of each county in which the intermediate school district lies, tax levies that shall not in any year exceed the greater of:

(a) 52/60 of the amount of levy certified for taxes payable in 1989; or

(b) the lesser of (1) ~~$60~~ $52 times the actual pupil units in the participating district for the fiscal year to which the levy is attributable, or (2) ~~1.1~~ 1.43 percent of adjusted ~~gross~~ net tax capacity. ~~Each participating school district shall include these 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.~~ Annual tax levies must be certified according to section 275.07. Upon certification, the county auditor or auditors and other appropriate county officials shall levy and collect the levies and remit the proceeds of collection to the intermediate school district as in the case with independent school districts. These levies shall not be included in computing the limitations upon the levy of any participating school district. The board may, any time

after these 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~~ that will not exceed the portion of the levies which is then not collected and not delinquent.

Five-elevenths of the proceeds of the levy must be used for special education and six-elevenths of the proceeds of the levy must be used for secondary vocational education.

Sec. 22. Minnesota Statutes 1990, section 136D.72, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] The district shall be operated by a school board ~~of not less than six nor more than 12 members. The board shall consist~~ consisting of at least one member from each of the school districts within the special intermediate school district. Board members shall be members of the school boards of the respective school districts and shall be appointed by their respective school boards. Members shall serve at the pleasure of their respective school boards and may be subject to recall by a majority vote of the school board. They shall report at least quarterly to their boards on the activities of the intermediate district.

Sec. 23. Minnesota Statutes 1990, section 136D.74, subdivision 2, is amended to read:

Subd. 2. [TAX LEVY.] Each year the intermediate school board may certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, tax levies that shall not in any year exceed the greater of:

(a) 52/60 of the amount of levy certified for taxes payable in 1989; or

(b) the lesser of (1) ~~$60~~ $52 times the actual pupil units in the participating district for the fiscal year to which the levy is attributable, or (2) ~~1.1~~ 1.43 percent of adjusted ~~gross~~ net tax capacity. ~~Said~~ Annual tax levies ~~shall~~ must be certified ~~pursuant~~ according 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 upon the levy of any of the participating districts.

Five-elevenths of the proceeds of the levy must be used for special education and six-elevenths of the proceeds of the levy must be used for secondary vocational education.

Sec. 24. Minnesota Statutes 1990, section 136D.76, subdivision 2, is amended to read:

Subd. 2. [JOINDER.] An independent school district must receive the approval of the state board of education and the state board of technical colleges to become a participant in the intermediate school district. Thereafter, upon approval of the majority vote of its board and of the intermediate school board ~~as well as approval of the state board of education~~ and without the requirement for an election, independent school district No. 138 of Chisago and Isanti counties and independent school district No. 141 of Chisago and Washington counties, and any other independent school district adjoining the territory embraced in the intermediate school district may become a participant in the intermediate school district and be governed by the provisions of sections 136D.71 to 136D.77 thereafter. The net tax capacity of the property within the geographic confines of such district shall become proportionately liable for any indebtedness issued, outstanding or authorized of the intermediate school district.

Sec. 25. Minnesota Statutes 1990, section 136D.87, subdivision 1, is amended to read:

Subdivision 1. [LEVIES FOR CERTAIN PROGRAMS.] Each year the ~~joint~~ intermediate school board may certify, as a single taxing district, to each ~~participating school district~~ county auditor of each county in which the intermediate school district lies, tax levies that shall not in any year exceed the greater of:

(a) 52/60 of the amount of levy certified for taxes payable in 1989; or

(b) the lesser of (1) ~~$60~~ $52 times the actual pupil units in the participating district for the fiscal year to which the levy is attributable, or (2) ~~1.1~~ 1.43 percent of adjusted ~~gross~~ net tax capacity. ~~Each participating school district shall include these tax levies in the next tax roll which it shall certify to the county auditor or auditors and shall remit the collections of these levies to the board promptly when received.~~ Annual tax levies must be certified according to section 275.07. Upon certification, the county auditor or auditors and other appropriate county officials shall levy and collect the levies and remit the proceeds of collection to the intermediate school district as in the case with independent school districts. These levies shall not be included in computing the limitations upon the levy of any participating school district. The board may, any time after these levies have been certified ~~to the participating school districts~~, issue and sell certificates of indebtedness in anticipation of the collection of levies, but in aggregate amounts that will not exceed the portion of the levies which is then not collected and not delinquent.

Five-elevenths of the proceeds of the levy must be used for special

education and six-elevenths of the proceeds of the levy must be used for secondary vocational education.

Sec. 26. Minnesota Statutes 1990, section 275.125, subdivision 4, is amended to read:

Subd. 4. [MISCELLANEOUS LEVY AUTHORIZATIONS.] (a) A school district may levy the amounts necessary to make payments for bonds issued and for interest thereon, including the bonds and interest thereon, issued as authorized by Minnesota Statutes 1974, section 275.125, subdivision 3, clause (7)(C); the amounts necessary for repayment of debt service loans and capital loans; the amounts necessary to pay the district's obligations under section 6.62; the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08; the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; the amounts necessary to pay the district's obligations under section 122.533; and the annual amounts necessary for severance pay required by ~~this section~~ sections 120.08, subdivision 3, and ~~section~~ 122.535, subdivision 6.

(b) An education district that negotiates a collective bargaining agreement for teachers under section 122.937 may certify to the department of education the amount necessary to pay all of the member districts' obligations and the education district's obligations under section 268.06, subdivision 25.

The department of education must allocate the levy amount proportionately among the member districts based on adjusted net tax capacity. The member districts must levy the amount allocated.

(c) Each year, a member district of an education district that levies under this subdivision must transfer the amount of revenue certified under paragraph (b) to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:

(1) 50 percent times

(2) the amount certified in paragraph (b) minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.

Sec. 27. Laws 1989, chapter 329, article 6, section 53, subdivision 6, as amended by Laws 1990, chapter 562, article 7, section 13, is amended to read:

Subd. 6. [TELECOMMUNICATIONS GRANT.] For grants of up to $20,000 each to independent school districts Nos. 356, 353, 444, 441, 524, 564, 592, 440, 678, 676, 682, 690, 390, 593, 595, 630, 600, 599, 447, 742, 627, 628, 561, and 454 to support cooperative educational technology programs:

$340,000.... 1991.

Sec. 28. [AID PAYMENTS.]

(a) Notwithstanding Minnesota Statutes, section 122.541, or any other law to the contrary, all pupils residing in independent school district No. 483, Motley, who are enrolled and attending school in kindergarten through grade 12 in independent school district No. 793, Staples, must be treated as nonresident pupils enrolled and attending school in independent school district No. 793, Staples, under Minnesota Statutes, section 120.062 beginning with the 1990-1991 school year.

(b) The department of education shall:

(1) determine the amount of state education aid calculated under Minnesota Statutes, section 120.062, subdivision 12, due district No. 793 as a result of this section;

(2) reduce state education aid for district No. 483 in an amount equal to the amount of aid due district No. 793 under clause (1) plus $110,198.19 for the cost to district No. 793 of educating 48 resident pupils of district No. 483 who attended kindergarten through grade 6 in district No. 793 during the 1989-1990 school year; and

(3) pay district No. 793 the amount of state education aid calculated under clause (1).

Sec. 29. [RUSHFORD-PETERSON FUND TRANSFER AUTHORIZATION.]

Independent school district No. 239, Rushford-Peterson, may make permanent transfers between any of the funds in the district, with the exception of the debt redemption fund, during the 90 days following the effective date of this section.

Sec. 30. [LEVY ADJUSTMENT.]

The department of education shall adjust the 1991 levy for each school district by the amount of the change in the district's education district levy for fiscal year 1992 according to Minnesota Statutes, section 124.2721, subdivision 3, resulting from the change to education district revenue under section 1. Notwithstanding

Minnesota Statutes, section 121.904, the entire amount of this levy must be recognized as revenue for fiscal year 1992.

Sec. 31. [PREK-12 AND COMMUNITY EDUCATION SERVICE DELIVERY SYSTEM.]

Subdivision 1. [PURPOSE.] The purpose of this section is to design and implement a statewide delivery system for educational services that will reduce the number of different cooperative organizations and the multiple levels of administration that accompany those organizations.

Subd. 2. [SCOPE OF THE SYSTEM.] (a) A new statewide delivery system must be designed and implemented by the state board of education by June 30, 1995, for all prekindergarten through grade 12 and community education services provided by the organizations enumerated in this paragraph:

(1) the Minnesota department of education;

(2) educational cooperative service units established under Minnesota Statutes, section 123.58;

(3) intermediate school districts established under Minnesota Statutes, chapter 136D;

(4) education districts established under Minnesota Statutes, section 122.91;

(5) regional management information centers established under Minnesota Statutes, section 121.935;

(6) secondary vocational cooperatives established under Minnesota Statutes, section 123.351;

(7) special education cooperatives established under Minnesota Statutes, section 120.17 or 471.59;

(8) technology cooperatives; and

(9) other joint powers agreements established under Minnesota Statutes, section 471.59.

(b) The state board shall compile a list of services and programs provided or administered by each type of organization listed in paragraph (a), clauses (1) to (9).

Subd. 3. [REQUIREMENTS FOR THE SYSTEM.] The new statewide delivery system must provide for no more than three organizations for education service delivery:

(1) a school district, as defined in Minnesota Statutes, chapter 123;

(2) an area education organization to provide those programs and services most efficiently and effectively provided through a joint effort of school districts; and

(3) a state level administrative organization comprised of a state board of education and a state department of education with central and regional delivery centers.

Subd. 4. [LOCAL SCHOOL DISTRICT PLANNING.] To assist the state board in designing a new education delivery system as described in subdivision 3, each school district shall develop a plan for the efficient and effective delivery of educational programs and services within the new education delivery system. The plan developed by each district must contain the following components enumerated in this subdivision:

(1) a list of necessary services provided by the organizations listed in subdivision 2;

(2) a description of the necessary services to be provided by the school district, the area education organization, and the central and regional delivery centers of the department of education described in subdivision 3;

(3) a specification of the optimal number of school districts and number of pupils that an area education organization and regional center of the department of education should serve;

(4) a method for determining the boundaries of area education organizations and regional centers of the department;

(5) a description of how services provided in the area education organizations should be funded;

(6) a determination of the role of the school district, the area education organization, and the central and regional centers of the department in ensuring that health and other social services necessary to maximize a pupil's ability to learn are provided to pupils; and

(7) any additional information requested by the state board of education.

In the development of its plan, each district shall confer with teachers and residents within the district, hold public meetings as necessary, and inform the public concerning its plan and any recommendations. School districts must meet jointly to discuss

aspects of the plan which involve multiple school districts. Each district must submit the plan to the state board by a date specified by the board. School districts cooperating under Minnesota Statutes, sections 122.241 to 122.248, 122.535, or 122.541 must submit a joint plan.

Subd. 5. [STATE BOARD OF EDUCATION TO DIRECT LOCAL SCHOOL DISTRICT PLANNING.] The state board of education shall direct local school district efforts to develop the plan described in subdivision 4. To assist school districts in planning, the board shall provide each school district with the list of services and programs compiled according to subdivision 2. The commissioner of education shall provide staff assistance to the state board as required by the board to direct this planning process.

Subd. 6. [STATE BOARD OF EDUCATION REPORTS TO THE LEGISLATURE.] The state board of education shall set a date by which school districts must submit their plan to the board. The board shall report to the 1992 legislature on school district progress in the planning process. The board shall make a final report to the 1993 legislature. The final report must contain recommendations for the design of an education service delivery system in accordance with this section and recommendations for legislation required to implement the system.

Subd. 7. [BARGAINING.] The state board of education report required under subdivision 6 must include recommendations specifying at which organizational level of the education delivery system described in subdivision 3 collective bargaining could take place most effectively and efficiently. The board must consult with the bureau of mediation services in developing these recommendations.

Sec. 32. [REPEALER.]

Minnesota Statutes 1990, sections 123.351, subdivision 10; and 124.575, are repealed effective July 1, 1992. Laws 1990, chapter 562, article 6, section 36, is repealed.

Sec. 33. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [EDUCATION DISTRICT AID.] For education district aid according to Minnesota Statutes, section 124.2721:

$3,174,000 1992

$2,852,000 1993

The 1992 appropriation includes $555,000 for 1991 and $2,619,000 for 1992.

The 1993 appropriation includes $462,000 for 1992 and $2,390,000 for 1993.

Subd. 3. [COOPERATION AND COMBINATION AID.] For aid for districts that cooperate and combine according to Minnesota Statutes, section 124.2725:

$1,781,000 1992

$3,303,000 1993

The 1992 appropriation includes $210,000 for 1991 and $1,571,000 for 1992.

The 1993 appropriation includes $277,000 for 1992 and $3,026,000 for 1993.

Subd. 4. [SECONDARY VOCATIONAL COOPERATIVE AID.] For secondary vocational cooperative aid according to Minnesota Statutes, section 124.575:

$165,000 1992

$ 24,000 1993

The 1992 appropriation includes $24,000 for 1991 and $141,000 for 1992.

The 1993 appropriation includes $24,000 for 1992 and $0 for 1993.

Sec. 34. [EFFECTIVE DATE.]

Sections 2 through 10 and 16 are effective for school districts with an effective date of reorganization according to Minnesota Statutes, section 122.22 or 122.23 after June 30, 1990, and for school districts that certified a levy according to Minnesota Statutes, section 124.2725 after July 1, 1989.

Sections 22 and 24 are effective the day following their final enactment.

Sections 27 and 29 are effective the day following final enactment.

Section 28 is effective the day after final enactment.

Sec. 35. [RETROACTIVE EFFECT.]

Notwithstanding the effective date of Laws 1990, chapter 562, article 6, section 6, a district shall pay severance pay, according to section 11, to a teacher who was placed on unrequested leave of absence as a result of an agreement for secondary education according to Minnesota Statutes 1990, section 122.535, effective on or about the close of the 1989-1990 school year, if the teacher is otherwise eligible according to section 11. The amount of the severance pay is the amount specified in section 11.

ARTICLE 7

OTHER AIDS AND LEVIES

Section 1. [120.0111] [MISSION STATEMENT.]

The mission of public education in Minnesota, a system for lifelong learning, is to ensure individual academic achievement, an informed citizenry, and a highly productive work force. This system focuses on the learner, promotes and values diversity, provides participatory decision-making, ensures accountability, models democratic principles, creates and sustains a climate for change, provides personalized learning environments, encourages learners to reach their maximum potential, and integrates and coordinates human services for learners.

Sec. 2. Minnesota Statutes 1990, section 120.101, subdivision 5, is amended to read:

Subd. 5. [AGES ~~AND TERMS~~.] For the ~~1988-1989 school year and the~~ 1991-1992 through 1994-1995 school years ~~thereafter~~, every child between seven and 16 years of age shall receive instruction for at least 170 days ~~each year~~. For the ~~2000-2001~~ 1995-1996 school year and later school years, every child between seven and 18 years of age shall receive instruction for at least ~~170~~ the number of days ~~each~~ per year required in subdivision 5b. Every child under the age of seven who is enrolled in a half-day kindergarten, or a full-day kindergarten program on alternate days, or other kindergarten programs shall receive instruction at least equivalent to ~~170~~ half of the number of days per year required in subdivision 5b. Except as provided in subdivision 5a, a parent may withdraw a child under the age of seven from enrollment at any time.

Sec. 3. Minnesota Statutes 1990, section 120.101, subdivision 9, is amended to read:

Subd. 9. [LEGITIMATE EXEMPTIONS.] A parent, guardian, or other person having control of a child may apply to a school district to have the child excused from attendance for the whole or any part of the time school is in session during any school year. Application may be made to any member of the board, a truant officer, a

principal, or the superintendent. The school board of the district in which the child resides may approve the application upon the following being demonstrated to the satisfaction of that board:

(1) That the child's bodily or mental condition is such as to prevent attendance at school or application to study for the period required; or

(2) That for the school years 1988-1989 through ~~1999-2000~~ 1994-1995 the child has already completed the studies ordinarily required in the 10th grade and that for the school years beginning with the ~~2000-2001~~ 1995-1996 school year the child has already completed the studies ordinarily required to graduate from high school; or

(3) That it is the wish of the parent, guardian, or other person having control of the child, that the child attend for a period or periods not exceeding in the aggregate three hours in any week, a school for religious instruction conducted and maintained by some church, or association of churches, or any Sunday school association incorporated under the laws of this state, or any auxiliary thereof. This school for religious instruction shall be conducted and maintained in a place other than a public school building, and in no event, in whole or in part, shall be conducted and maintained at public expense. However, a child may be absent from school on such days as the child attends upon instruction according to the ordinances of some church.

Sec. 4. Minnesota Statutes 1990, section 120.101, is amended by adding a subdivision to read:

Subd. 5b. [INSTRUCTIONAL DAYS.] Every child required to receive instruction according to subdivision 5 shall receive instruction for at least the number of days per year required in the following schedule:

(1) 1995-1996, 172;

(2) 1996-1997, 174;

(3) 1997-1998, 176;

(4) 1998-1999, 178;

(5) 1999-2000, 180;

(6) 2000-2001, 182;

(7) 2001-2002, 184;

(8) 2002-2003, 186;

(9) 2003-2004, 188; and

(10) 2004-2005, and later school years, 190.

Sec. 5. Minnesota Statutes 1990, section 121.585, subdivision 3, is amended to read:

Subd. 3. [HOURS OF INSTRUCTION.] Pupils participating in a program must be able to receive the same total number of hours of instruction they would receive if they were not in the program. If a pupil has not completed the graduation requirements of the district after completing the minimum number of secondary school hours of instruction, the district may allow the pupil to continue to enroll in courses needed for graduation.

For the purposes of section 120.101, subdivision 5, the minimum number of hours for a year determined for the appropriate grade level of instruction shall constitute ~~170~~ the number of days of instruction required under section 120.101, subdivision 5b. Hours of instruction that occur after the close of the instructional year in June shall be attributed to the following fiscal year.

Sec. 6. Minnesota Statutes 1990, section 123.35, subdivision 8, is amended to read:

Subd. 8. The board may establish and maintain public evening schools and adult ~~and continuing~~ education programs and such evening schools and adult ~~and continuing~~ education programs when so maintained shall be available to all persons over 16 years of age through the ~~1999-2000~~ 1994-1995 school year and over 18 years of age beginning with the ~~2000-2001~~ 1995-1996 school year who, from any cause, are unable to attend the full-time elementary or secondary schools of such district.

Sec. 7. Minnesota Statutes 1990, section 123.3514, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For purposes of this section, an "eligible institution" means a Minnesota public post-secondary institution, a private, nonprofit two-year trade and technical school granting associate degrees, or a private, residential, two-year or four-year, liberal arts, degree-granting college or university located in Minnesota. "Course" means a course or program.

Sec. 8. Minnesota Statutes 1990, section 123.3514, is amended by adding a subdivision to read:

Subd. 11. [PUPILS AT A DISTANCE FROM AN ELIGIBLE INSTITUTION.] A pupil who is enrolled in a secondary school that is located 40 miles or more from the nearest eligible institution may

request that the resident district offer at least one accelerated or advanced academic course within the resident district in which the pupil may enroll for post-secondary credit. A pupil may enroll in a course offered under this subdivision for either secondary or post-secondary credit according to subdivision 5.

A district must offer an accelerated or advanced academic course for post-secondary credit if one or more pupils requests such a course under this subdivision. The district may decide which course to offer, how to offer the course, and whether to offer one or more courses. The district must offer at least one such course in the next academic period and must continue to offer at least one accelerated or advanced academic course for post-secondary credit in later academic periods.

Sec. 9. Minnesota Statutes 1990, section 123.951, is amended to read:

123.951 [SCHOOL SITE MANAGEMENT AGREEMENT.]

(a) A school board ~~may~~ shall enter into an agreement by July 1, 1995, with a permanent school site management team concerning the governance, management, or control of ~~a~~ each school in the district. An initial school site management team shall be appointed by the school board and ~~shall~~ may include the school principal, representatives of teachers in the school, representatives of other employees in the school, representatives of parents of pupils in the school, representatives of pupils in the school, representatives of other members in the community, ~~and~~ or others determined appropriate by the board. The permanent school site management team shall ~~consist of at least~~ include the school principal ~~and representatives elected by each group represented on the initial team~~ or other person having general control and supervision of the school.

~~The school board may delegate any of its powers or duties to the school site management team.~~

(b) School site management agreements must focus on creating management teams and in involving staff members in decision making.

(c) An agreement must include:

(1) a strategic plan for districtwide decentralization of resources developed through staff participation;

(2) a decision-making structure that allows teachers to identify problems and the resources needed to solve them; and

(3) a mechanism to allow principals, or other persons having

general control and supervision of the school, to make decisions regarding how resources are best allocated and to act as advocates for additional resources on behalf of the entire school.

(d) Any powers or duties not ~~specifically~~ delegated to the school site management team in the school site management agreement shall remain with the school board.

Sec. 10. Minnesota Statutes 1990, section 124.19, subdivision 1, is amended to read:

Subdivision 1. [INSTRUCTIONAL TIME.] Every district shall maintain school in session or provide instruction in other districts for at least ~~175~~ the number of days required in subdivision 1b, not including summer school, or the equivalent in a district operating a flexible school year program. A district that holds school for the required minimum number of days and is otherwise qualified is entitled to state aid as provided by law. If school is not held for the required minimum number of days, state aid shall be reduced by the ratio that the difference between ~~175~~ the required number of days and the number of days school is held bears to ~~175~~ the required number of days, multiplied by 60 percent of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for that year. However, districts maintaining school for fewer than the required minimum number of days do not lose state aid (1) if the circumstances causing loss of school days below the required minimum number of days are beyond the control of the board, (2) if proper evidence is submitted, and (3) if a good faith attempt made to make up time lost due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school. For grades 1 to 12, ~~not more than five~~ days ~~may be~~ devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed the difference between the number of days required in subdivision 1b and the number of instructional days required in subdivision 1b. For kindergarten, ~~not more than ten~~ days ~~may be~~ devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed twice the number of days for grades 1 to 12.

Sec. 11. Minnesota Statutes 1990, section 124.19, subdivision 7, is amended to read:

Subd. 7. [ALTERNATIVE PROGRAMS.] (a) This subdivision applies to an alternative program that has been approved by the state board of education pursuant to Minnesota Rules, part

3500.3500, as exempt from Minnesota Rules, part 3500.1500, requiring a school day to be at least six hours in duration.

(b) To receive general education revenue for a pupil in an alternative program, a school district must meet the requirements in this paragraph. The program must be approved by the commissioner of education. In approving a program, the commissioner may use the process used for approving state designated area learning centers under section 124C.49.

(c) In addition to the requirements in paragraph (b), to receive general education revenue for a pupil in an alternative program that has an independent study component, a school district must meet the requirements in this paragraph.

The school district must develop with the pupil a continual learning plan for the pupil. A district must allow a minor pupil's parent or guardian to participate in developing the plan, if the parent or guardian wants to participate. The plan must identify the learning experiences and expected outcomes needed for satisfactory credit for the year and for graduation. The plan must be updated each year.

General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full school year, or its equivalent.

General education revenue for a pupil in an approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by ~~1,020 hours~~ the product of the number of instructional days required for that year and six, but not more than one, except as otherwise provided in section 121.585.

For an alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

Sec. 12. Minnesota Statutes 1990, section 124.19, is amended by adding a subdivision to read:

Subd. 1b. [REQUIRED DAYS.] Each district shall maintain school in session or provide instruction in other districts for at least the number of days required for the school years listed below:

(1) 1995-1996, 178;

(2) 1996-1997, 181;

(3) 1997-1998, 184;

(4) 1998-1999, 187;

(5) 1999-2000, 190;

(6) 2000-2001, 193;

(7) 2001-2002, 196;

(8) 2002-2003, 199;

(9) 2003-2004, 202; and

(10) 2004-2005, and later school years, 205.

Sec. 13. Minnesota Statutes 1990, 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 work directly with elementary or secondary school teachers in elementary or secondary schools to obtain a periodic exposure to the elementary or secondary teaching ~~experience~~ environment. The board shall also grant licenses to interns and to candidates for initial licenses. 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 estab-

lished 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 technical colleges.

Sec. 14. Minnesota Statutes 1990, section 125.185, subdivision 4a, is amended to read:

Subd. 4a. Notwithstanding section 125.05, or any other law to the contrary, the authority of the board of teaching and the state board of education to approve teacher education programs and to issue teacher licenses expires on June 30, 1996. Any license issued by the board of teaching or the state board of education after the effective date of this section must expire by June 30, 1996.

The board of teaching, in cooperation with the state board of education and the higher education coordinating board, shall develop policies and corresponding goals for making teacher education curriculum more consistent with the purpose of state public education. The revised teacher education curriculum must be consistent with the board of teaching rules required under subdivision 4 for redesigning teacher education programs to implement a research-based, results-oriented curriculum. The revised teacher education curriculum must include a requirement that teacher education programs contain a one-year mentorship program. The mentorship program must provide students with elementary or secondary teaching experience and appropriate professional support and evaluation from licensed classroom teachers, including mentor teachers. By February 1, 1992, the board of teaching shall provide the education committees of the legislature with detailed written guidelines, strategies, and programs to implement the revised teacher education curriculum. By February 1, 1993, the board of teaching and the state board of education shall adopt rules under chapter 14 that are consistent with the guidelines, strategies, and programs provided to the legislature, including amending board rules governing the issuing, expiring, and renewing of teacher licenses.

The higher education coordinating board shall assist the state's teacher preparation institutions in developing teacher education curriculum for their students that is consistent with the guidelines, programs, and strategies approved by the legislature. The institutions must use the revised teacher education curriculum to instruct their students beginning in the 1996-1997 school year.

Subd. 4b. Prior to the adoption by the board of teaching of any rule which must be submitted to public hearing, a representative of the commissioner shall appear before the board of teaching and at the

hearing required pursuant to section 14.14, subdivision 1, to comment on the cost and educational implications of that proposed rule.

Sec. 15. [125.1885] [ALTERNATIVE PREPARATION LICENSING FOR ADMINISTRATORS.]

Subdivision 1. [REQUIREMENTS.] (a) A preparation program that is an alternative to a graduate program in education administration for public school administrators to acquire an entrance license is established. The program may be offered in any administrative field.

(b) To participate in the alternative preparation program, the candidate must:

(1) have a master's degree in an administrative area;

(2) have been offered an administrative position in a school district, group of districts, or an education district approved by the state board of education to offer an alternative preparation licensure program;

(3) have five years of experience in a field related to administration; and

(4) document successful experiences working with children and adults.

(c) An alternative preparation license is of one year duration and is issued by the state board of education to participants on admission to the alternative preparation program.

Subd. 2. [CHARACTERISTICS.] The alternative preparation program has the characteristics enumerated in this subdivision:

(1) staff development conducted by a resident mentorship team made up of administrators, teachers, and post-secondary faculty members;

(2) an instruction phase involving intensive preparation of a candidate for licensure before the candidate assumes responsibility for an administrative position;

(3) formal instruction and peer coaching during the school year;

(4) assessment, supervision, and evaluation of a candidate to determine the candidate's specific needs and to ensure satisfactory completion of the program;

(5) a research-based and results-oriented approach focused on skills administrators need to be effective;

(6) assurance of integration of education theory and classroom practices; and

(7) the shared design and delivery of staff development between school district personnel and post-secondary faculty.

Subd. 3. [PROGRAM APPROVAL.] (a) The state board of education shall approve alternative preparation programs based on criteria adopted by the board, after receiving recommendations from an advisory task force appointed by the board.

(b) An alternative preparation program at a school district, group of schools, or an education district must be affiliated with a post-secondary institution that has a graduate program in educational administration for public school administrators.

Subd. 4. [APPROVAL FOR STANDARD ENTRANCE LICENSE.] The resident mentorship team must prepare for the state board of education an evaluation report on the performance of the alternative preparation licensee during the school year and a positive or negative recommendation on whether the alternative preparation licensee shall receive a standard entrance license.

Subd. 5. [STANDARD ENTRANCE LICENSE.] The state board of education shall issue a standard entrance license to an alternative preparation licensee who has successfully completed the school year in the alternative preparation program and who has received a positive recommendation from the licensee's mentorship team.

Subd. 6. [QUALIFIED ADMINISTRATOR.] A person with a valid alternative preparation license is a qualified administrator within the meaning of section 125.04.

Sec. 16. [125.189] [LICENSURE REQUIREMENTS.]

In addition to other requirements, a candidate for a license or an applicant for a continuing license to teach hearing-impaired students in kindergarten through grade 12 must demonstrate the minimum level of proficiency in American sign language as determined by the Quality Assurance Systems Project of the department of education.

Sec. 17. Minnesota Statutes 1990, section 126.23, is amended to read:

126.23 [AID FOR PRIVATE ALTERNATIVE PROGRAMS.]

If a pupil enrolls in a nonsectarian alternative program operated by a private organization that has contracted with a school district to provide educational services for eligible pupils under section 126.22, subdivision 2, the resident district must reimburse the provider an amount equal to at least ~~85~~ 87 percent of the basic revenue of the district for each pupil attending the program full time. For a pupil attending the program part time, basic revenue paid to the program shall be reduced proportionately, according to the amount of time the pupil attends the program, and basic revenue paid to the district shall be reduced accordingly. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2. If payment is made to a district or program for a pupil under this section, the department of education shall not make a payment for the same pupil under section 126.22, subdivision 8.

Sec. 18. Minnesota Statutes 1990, section 126.661, subdivision 5, is amended to read:

Subd. 5. [ESSENTIAL LEARNER OUTCOMES.] "Essential learner outcomes" means the specific basic learning experiences that ~~must be~~ are provided for all students and are used as the basis for assessing educational progress statewide.

Sec. 19. Minnesota Statutes 1990, section 126.661, is amended by adding a subdivision to read:

Subd. 7. [OUTCOME-BASED EDUCATION.] Outcome-based education is a pupil-centered, results-oriented system premised on the belief that all individuals can learn. In this system:

(1) what a pupil is to learn is clearly identified;

(2) each pupil's progress is based on the pupil's demonstrated achievement;

(3) each pupil's needs are accommodated through multiple instructional strategies and assessment tools; and

(4) each pupil is provided time and assistance to realize her or his potential.

Sec. 20. Minnesota Statutes 1990, section 126.663, subdivision 2, is amended to read:

Subd. 2. [STATE LEARNER OUTCOMES.] The state board of education, with the assistance of the state curriculum advisory committee and the office on educational leadership shall identify and adopt learner goals, essential learner outcomes, and integrated

learner outcomes for curriculum areas, under section 120.101, subdivision 6, including the curriculum areas of communication skills, fine arts, mathematics, science, social studies, and health and physical education, and for career vocational curricula. Learner outcomes shall include thinking and problem solving skills.

Sec. 21. Minnesota Statutes 1990, section 126.666, subdivision 2, is amended to read:

Subd. 2. [CURRICULUM ADVISORY COMMITTEE.] Each school board shall establish a curriculum advisory committee to permit active community participation in all phases of the PER process. The district advisory committee, to the extent possible, shall be representative of the diversity of the community served by the district and the learning sites within the district, and include principals, teachers, parents, support staff, pupils, and other community residents. The district may establish building teams as subcommittees of the district advisory committee. The district committee shall retain responsibility for recommending to the school board districtwide learner outcomes, assessments, and program evaluations. Learning sites may establish expanded curriculum, assessments, and program evaluations. Whenever possible, parents and other community residents shall comprise at least two-thirds of the advisory committee. The committee shall make recommendations to the board about the programs enumerated in section 124A.27, that the committee determines should be offered. The recommendations shall be based on district and learning site needs and priorities.

Sec. 22. Minnesota Statutes 1990, section 126.666, is amended by adding a subdivision to read:

Subd. 4a. [STUDENT EVALUATION.] The school board shall annually provide high school graduates or GED recipients who received a diploma or its equivalent from the school district within the previous school year with an opportunity to report to the board on the following:

(1) the quality of district instruction and services;

(2) the quality of district delivery of instruction and services;

(3) the utility of district facilities; and

(4) the effectiveness of district administration.

Sec. 23. Minnesota Statutes 1990, section 126.666, is amended by adding a subdivision to read:

Subd. 4b. [PERIODIC REPORT.] Each school district at least once

per six school years shall collect consumers' opinions, including the opinions of currently enrolled students, parents, and other district residents, regarding their level of satisfaction with their school experience. The district shall report the results of the consumer evaluation according to the requirements of subdivision 4.

Sec. 24. Minnesota Statutes 1990, section 126.67, subdivision 2b, is amended to read:

Subd. 2b. [DISTRICT ASSESSMENTS.] As part of the PER process, each year a district shall, in at least three grades or for three age levels, conduct assessments among at least a sample of pupils for each subject area in that year of the curriculum review cycle. The district's curriculum review cycle shall not exceed six years. Assessments may not be conducted in the same curriculum area for two consecutive years. The district may use tests from the assessment item bank, the local assessment program developed by the department, or other tests. As they become available, districts shall use state developed measures to assure state progress toward achieving the state ~~core~~ board adopted essential learner outcomes in each subject area at least once during the curriculum review cycle. Funds are provided for districts that choose to use the local assessment program or the assessment item bank.

Sec. 25. Minnesota Statutes 1990, section 126.70, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY FOR REVENUE.] A school board may use the revenue authorized in section 124A.29, if it establishes ~~a~~ an outcome-based staff development advisory committee and adopts a staff development plan on outcome-based education according to this subdivision. A majority of the advisory committee must be teachers representing various grade levels and subject areas. The advisory committee must also include ~~representatives of~~ parents, and administrators. The advisory committee shall develop a staff development plan containing proposed outcome-based education activities and related expenditures and shall submit ~~it~~ the plan to the school board. If the school board approves the plan, the district may use the staff development revenue authorized in section 124A.29. Copies of approved plans must be submitted to the commissioner.

Sec. 26. Minnesota Statutes 1990, section 126.70, subdivision 2, is amended to read:

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

(1) procedures the district will use to analyze ~~and identify teaching and curricular~~ outcome-based education needs~~, including the need for mentor teachers~~;

(2) ~~short- and long-term curriculum and staff development needs;~~

~~(3)~~ *integration with in-service* and curricular efforts already in progress;

~~(4)~~ (3) goals to be achieved and the means to be used; and

~~(5)~~ (4) procedures for evaluating progress~~; and~~

~~(6) whether the school board intends to offer contracts under the excellence in teaching program.~~

Sec. 27. Minnesota Statutes 1990, section 126.70, subdivision 2a, is amended to read:

Subd. 2a. [PERMITTED USES.] A school board may approve a plan ~~for~~ to accomplish any of the following purposes:

(1) ~~for in-service education to increase the effectiveness of teachers in responding to children and young people at risk of not succeeding at school~~ foster readiness for outcome-based education by increasing knowledge and understanding of and commitment to outcome-based education;

(2) ~~to participate in the educational effectiveness program according to section 121.609~~ facilitate organizational changes by enabling a site-based team composed of pupils, parents, school personnel, and community members to address pupils' needs through outcome-based education;

(3) ~~to provide in-service education for elementary and secondary teachers to improve the use of technology in education~~ develop programs to increase pupils' educational progress by developing appropriate outcomes and personal learning plans and by encouraging pupils and their parents to assume responsibility for their education;

(4) ~~to provide subject area in-service education emphasizing the academic content of curricular areas determined by the district to be a priority area~~ design and develop outcome-based education programs containing various instructional opportunities that recognize pupils' individual needs and utilize family and community resources; and

(5) ~~to use experienced teachers, as mentors, to assist in the continued development of new teachers;~~ evaluate the effectiveness of outcome-based education policies, processes, and products through appropriate evaluation procedures that include multiple criteria and indicators.

~~(6) to increase the involvement of parents, business, and the community in education, including training teachers to plan and implement parental involvement programs that will more fully involve parents in their children's learning development;~~

~~(7) for experimental delivery systems;~~

~~(8) for in-service education to increase the effectiveness of principals and administrators;~~

~~(9) for in-service education or curriculum development for programs for gifted and talented pupils;~~

~~(10) for in-service education or curriculum development for cooperative efforts to increase curriculum offerings;~~

~~(11) for improving curriculum, according to the needs identified under the planning, evaluation, and reporting process set forth in section 126.666;~~

~~(12) for in-service education and curriculum development designed to promote sex equity in all aspects of education, with emphasis on curricular areas such as mathematics, science, and technology programs;~~

~~(13) for in-service education or curriculum modification for handicapped pupils and low-achieving pupils;~~

~~(14) for short-term contracts as described in section 126.72; or~~

~~(15) to employ teachers for an extended year to perform duties directly related to improving curriculum or teaching skills.~~

Sec. 28. Minnesota Statutes 1990, section 260.015, subdivision 19, is amended to read:

Subd. 19. [HABITUAL TRUANT.] "Habitual truant" means a child under the age of 16 years ~~through the 1999-2000 school year and under the age of 18 beginning with the 2000-2001 school year~~ who is absent from attendance at school without lawful excuse for seven school days if the child is in elementary school or for one or more class periods on seven school days if the child is in middle school, junior high school, or high school.

Sec. 29. [STATE BOARD RECOMMENDATIONS.]

By February 1, 1993, the state board of education shall present to the education committees of the legislature recommendations for integrating education funding and the achievement of state and local outcomes.

Sec. 30. [RULE REVIEW.]

Subdivision 1. [REPORT.] The state board of education shall review each board rule to determine whether it is necessary, reasonable, and cost-effective and whether it is consistent with legislative policy adopted since the rule was enacted. The board shall report to the education committees of the legislature by March 1, 1992, on any amendment required to make a rule necessary, reasonable, or cost-effective or consistent with legislative policy and on any rule required to be repealed.

Subd. 2. [STAFF.] The commissioner of education shall provide staff assistance to the state board of education, at the request of the board, to complete the report required under subdivision 1.

Sec. 31. [OUTCOME-BASED EDUCATION PROGRAM CONTRACTS.]

Subdivision 1. [DEFINITION.] For the purposes of this section, outcome-based education has the meaning given it in Minnesota Statutes, section 126.661, subdivision 7.

Subd. 2. [ESTABLISHMENT.] A process for contracting between a public school, school district, or group of districts and the department of education to develop outcome-based education programs is established. The purpose of the contract is to enable public schools, school districts, and groups of districts to develop outcome-based programs that improve pupils' educational achievement through instructional opportunities that recognize pupils' individual needs.

Subd. 3. [ELIGIBILITY.] A school, school district, or group of districts seeking to contract with the department to develop an outcome-based education program must agree to serve as a demonstration site during the term of the contract and for a mimimum of one school year after the expiration date of the contract.

Subd. 4. [CONTRACTING PROCESS.] The commissioner of education shall establish an outcome-based education contract committee of qualified department staff to determine the subject areas to be included in the outcome-based education program contracts and other contract terms and conditions. The committee, after consulting with the commissioner and the state board of education, shall determine the form and manner by which a school, a school district, or a group of districts may seek a contract. The committee shall disseminate information about the contracts and the contracting process.

Subd. 5. [CONTRACT APPROVAL.] Before awarding program contracts, the outcome-based education contract committee shall consult with curriculum experts in particular subject areas to

evaluate program proposals. By October 1 of the current school year, the committee shall award outcome-based education program contracts to qualified schools, school districts, or groups of districts. In awarding contracts, the committee shall consider the geographical location of the school, school district, or group of districts seeking the contract, whether the outcome-based education program would be available to elementary, middle, or secondary pupils and the subject areas to be included in the outcome-based education program.

Subd. 6. [CONTRACT FUNDS.] Any unexpended contract funds awarded to a school, school district, or group of districts in one fiscal year do not cancel but are available in the next fiscal year.

Subd. 7. [EVALUATION.] The commissioner shall provide for an evaluation of the demonstration site programs and shall disseminate throughout the state information on the components of successful outcome-based education programs.

Sec. 32. [REPORT ON NEGOTIABLE EDUCATIONAL POLICIES.]

The state board of education, after consulting with the bureau of mediation services, the state board of teaching, the Minnesota school boards association, the Minnesota education association, the Minnesota federation of teachers, and other educational organizations interested in the matter, shall prepare a report for the education committees of the legislature discussing those educational policies the state board of education considers to be appropriate to address under chapter 179A as a condition of employment.

Sec. 33. [BOARD OF TEACHING APPROPRIATION.]

Subdivision 1. [BOARD OF TEACHING.] The sums indicated in this section are appropriated from the general fund to the board of teaching in the fiscal years indicated.

Subd. 2. [TEACHER EDUCATION IMPROVEMENT.] For board of teaching responsibilities specified in Minnesota Statutes, section 125.185, subdivisions 4 and 4a:

$150,000 1992

$150,000 1993

Any balance in the first year does not cancel but is available in the second year.

Sec. 34. [HECB APPROPRIATION.]

Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD.] The sums indicated in this section are appropriated from the general fund to the higher education coordinating board for the fiscal years designated.

Subd. 2. [SUMMER PROGRAM SCHOLARSHIPS.] To the higher education coordinating board, for scholarship awards for summer programs according to Minnesota Statutes, section 126.56:

$214,000 1992

$214,000 1993

Of this appropriation, any amount required by the higher education coordinating board may be used for the board's costs of administering the program.

Sec. 35. [DEPARTMENT OF EDUCATION APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [AREA LEARNING CENTER GRANTS.] For grants to area learning centers:

$150,000 1992

$150,000 1993

Subd. 3. [ARTS PLANNING GRANTS.] For grants for arts planning according to Minnesota Statutes, section 124C.08:

$38,000 1992

$38,000 1993

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [PER PROCESS AID.] For the planning, evaluating, and reporting process according to Minnesota Statutes, section 124.274:

$1,063,000 1992

$1,079,000 1993

Subd. 5. [OUTCOME-BASED EDUCATION PROGRAM CONTRACTS.] For entering into contracts for outcome-based education programs according to section 31:

$675,000 1992

$675,000 1993

$55,000 each year is for evaluation and administration of the program.

Sec. 36. [REPEALER.]

(a) Minnesota Statutes 1990, sections 120.011; 121.111; 124C.01, subdivision 2; and 126.70, subdivisions 2 and 2a, are repealed.

(b) Minnesota Statutes 1990, section 124C.41, subdivisions 6 and 7, are repealed effective July 1, 1991. In the next edition of Minnesota Statutes, the revisor of statutes shall change the first grade and section headnotes to read "Teacher Centers" to reflect the changes made by the repealer in this paragraph.

Sec. 37. [EFFECTIVE DATE.]

Section 16 is effective August 1, 1994.

ARTICLE 8

OTHER PROGRAMS

Section 1. [3.873] [LEGISLATIVE COMMISSION ON CHILDREN, YOUTH, AND THEIR FAMILIES.]

Subdivision 1. [ESTABLISHMENT.] A legislative commission on children, youth, and their families is established to study state policy and legislation affecting children and youth and their families. The commission shall make recommendations about how to ensure and promote the present and future well-being of Minnesota children and youth and their families, including methods for helping state and local agencies to work together.

Subd. 2. [MEMBERSHIP AND TERMS.] The commission consists of 16 members that reflect a proportionate representation from each party. Eight members from the house shall be appointed by the speaker of the house and eight members from the senate shall be appointed by the subcommittee on committees of the committee on rules and administration. The membership must include members of the following committees in the house and the senate: health and human services, governmental operations, education, judiciary, and

appropriations or finance. The commission must have representatives from both rural and metropolitan areas. The terms of the members are for two years beginning on January 1 of each odd-numbered year.

Subd. 3. [OFFICERS.] The commission shall elect a chair and vice-chair from among its members. The chair must alternate biennially between a member of the house and a member of the senate. When the chair is from one body, the vice-chair must be from the other body.

Subd. 4. [STAFF.] The commission may use existing legislative staff to provide legal counsel, research, fiscal, secretarial, and clerical assistance.

Subd. 5. [INFORMATION COLLECTION; INTERGOVERNMENTAL COORDINATION.] (a) The commission may conduct public hearings and otherwise collect data and information necessary to its purposes.

(b) The commission may request information or assistance from any state agency or officer to assist the commission in performing its duties. The agency or officer shall promptly furnish any information or assistance requested.

(c) Before implementing new or substantially revised programs relating to the subjects being studied by the commission under subdivision 7, the commissioner responsible for the program shall prepare an implementation plan for the program and shall submit the plan to the commission for review and comment. The commission may advise and make recommendations to the commissioner on the implementation of the program and may request the changes or additions in the plan it deems appropriate.

(d) By July 1, 1991, the responsible state agency commissioners, including the commissioners of education, health, human services, jobs and training, and corrections, shall prepare data for presentation to the commission on the state programs to be examined by the commission under subdivision 7, paragraph (a).

(e) To facilitate coordination between executive and legislative authorities, the governor shall appoint a person to act as liaison between the commission and the governor.

Subd. 6. [LEGISLATIVE REPORTS AND RECOMMENDATIONS.] The commission shall make recommendations to the legislature or committees, as it deems appropriate to assist the legislature in formulating legislation. To facilitate coordination between executive and legislative authorities, the commission shall review and evaluate the plans and proposals of the governor and

state agencies on matters within the commission's jurisdiction and shall provide the legislature with its analysis and recommendations. The commission shall report its final recommendations under subdivision 7, paragraph (a), by January 1, 1993. The commission shall submit a progress report by January 1, 1992.

Subd. 7. [PRIORITIES.] The commission shall give priority to studying and reporting to the legislature on the matters described in this subdivision.

(a) The commission must study and report on methods of improving legislative consideration of children and family issues and coordinating state agency programs relating to children and families, including the desirability, feasibility, and effects of creating a new state department of children's services, or children and family services, in which would be consolidated the responsibility for administering state programs relating to children and families.

(b) The commission must study and report on methods of consolidating or coordinating local health, correctional, educational, job, and human services, to improve the efficiency and effectiveness of services to children and families and to eliminate duplicative and overlapping services. The commission shall evaluate and make recommendations on programs and projects in this and other states that encourage or require local jurisdictions to consolidate the delivery of services in schools or other community centers to reduce the cost and improve the coverage and accessibility of services.

(c) The commission must study and report on methods of improving and coordinating educational, social, and health care services that assist children and families during the early childhood years. The commission's study must include an evaluation of the following: early childhood health and development screening services, headstart, child care, and early childhood family education.

(d) The commission must study and report on methods of improving and coordinating the practices of judicial, correctional, and social service agencies in placing juvenile offenders and children who are in need of protective services or treatment.

Subd. 8. [EXPENSES AND REIMBURSEMENTS.] The per diem and mileage costs of the members of the commission must be reimbursed as provided in section 3.101. The health and human services, governmental operations, education, judiciary, and appropriations or finance committees in the house and the senate shall share equally the responsibility to pay commission members' per diem and mileage costs from their committee budgets.

Subd. 9. [EXPIRATION.] The commission expires on June 30, 1994.

Sec. 2. Minnesota Statutes 1990, section 124.646, is amended to read:

124.646 [SCHOOL LUNCH AID.]

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.] Each school year, school districts participating in the national school lunch program shall be paid by the state in the amount of ~~7.5~~ eight cents for each full paid student lunch served to students in the district. School districts are encouraged to use Minnesota grown commodities in providing school lunches.

Subd. 2. School districts shall not be paid by the state for free or reduced price type "A" lunches served by the district.

Subd. 3. School districts shall apply to the state department of education for this payment on forms provided by the department.

Subd. 4. [SCHOOL FOOD SERVICE FUND.] (a) The expenses described in this subdivision must be recorded as provided in this subdivision.

(b) In each school district, the expenses for a school food service program for pupils must be attributed to a school food service fund. Under a food service program, the school food service may prepare or serve milk, meals, or snacks in connection with school or community service activities.

(c) Revenues and expenditures for food service activities must be recorded in the food service fund. The costs of processing applications, accounting for meals, preparing and serving food, providing kitchen custodial services, and other expenses involving the preparing of meals or the kitchen section of the lunchroom may be charged to the food service fund or to the general fund of the district. The costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program, including the costs attributable to the superintendent and the financial manager must be charged to the general fund.

(d) Capital expenditures for the purchase of food service equipment must be made from the capital fund and not the food service fund, unless two conditions apply:

(1) the unreserved balance in the food service fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased; and

(2) the department of education has approved the purchase of the equipment.

(e) If the two conditions set out in paragraph (d) apply, the equipment may be purchased from the food service fund.

(f) If a deficit in the food service fund exists at the end of a fiscal year, and the deficit is not eliminated by revenues from food service operations in the next fiscal year, then the deficit must be eliminated by a permanent fund transfer from the general fund at the end of that second fiscal year.

Sec. 3. Minnesota Statutes 1990, section 125.231, is amended to read:

125.231 [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 for teachers new to the profession or district, or for teachers with special needs.

Subd. 2. [TEACHER MENTORING TASK FORCE.] The commissioner shall appoint and work with 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, postsecondary institutions, foundations, and the private sector. Representation on the task force by ~~minority~~ populations of color shall reflect the proportion of ~~minorities~~ people of color 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;

(2) select sites to receive grant funding; and

(3) provide ongoing support and direction for program implementation.

Subd. 3. [APPLICATIONS.] The commissioner of education shall make application forms available ~~by October 1, 1987~~ to sites

interested in developing or expanding a mentorship program. ~~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~~ effective mentoring components, 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, 1991, the commissioner of education shall report to the legislature on how the teacher mentoring task force recommendations for a system of incentives are being implemented at the state and local level to assure that highly capable individuals are attracted to and retained in the teaching profession and shall recommend ways to expand and enhance the responsibilities of teachers.~~

~~By January 1 of 1990 and 1991~~ On a periodic basis, the commissioner of education shall report to the legislature on the design, development, implementation, and evaluation of the mentorship program.

Subd. 7. [PROGRAM IMPLEMENTATION.] New and expanding mentorship sites that are funded to design, develop, implement, and evaluate their program must participate in activities that support program development and implementation. The department of education must provide resources and assistance to support new sites in their program efforts. These activities and services may include, but are not limited to: planning, planning guides, media, training, conferences, institutes, and regional and statewide networking meetings. Nonfunded schools or districts interested in getting started may participate in some activities and services. Fees may be charged for meals, materials, and the like.

Sec. 4. Minnesota Statutes 1990, section 141.25, subdivision 8, is amended to read:

Subd. 8. [FEES AND TERMS OF LICENSE.] (a) Applications for initial license under sections 141.21 to 141.36 shall be accompanied by ~~$510~~ $560 a nonrefundable application fee.

(b) All licenses shall expire on December 31 of each year. Each renewal application shall be accompanied by a nonrefundable renewal fee of ~~$380~~ $430.

(c) Application for renewal of license shall be made on or before October 1 of each calendar year. Each renewal form shall be supplied by the commissioner. It shall not be necessary for an applicant to supply all information required in the initial application at the time of renewal unless requested by the commissioner.

Sec. 5. Minnesota Statutes 1990, section 141.26, subdivision 5, is amended to read:

Subd. 5. [FEE.] The initial and renewal application for each permit shall be accompanied by a nonrefundable fee of ~~$190~~ $210.

Sec. 6. [BOARD OF TEACHING APPROPRIATION.]

Subdivision 1. [BOARD OF TEACHING.] The sums indicated in this section are appropriated from the general fund to the board of teaching in the fiscal year indicated.

Subd. 2. [MENTORSHIP SITE GRANTS.] For grants for operating cooperative ventures between school district and post-secondary teacher preparation institutions for designing, implementing, and evaluating alternative preparation programs:

$150,000 1992

$150,000 1993

An application for a grant must be made by the cooperative. The funds must be used primarily to pay for coordination, instruction, and evaluation provided by the resident mentorship team.

Subd. 3. [FELLOWSHIP GRANTS.] For fellowship grants to highly qualified minorities seeking alternative preparation for licensure:

$100,000 1993

A grant must not exceed $5,000 with one-half paid each year for two years. Grants must be awarded on a competitive basis by the board. Grant recipients must agree to remain as teachers in the district for two years if they satisfactorily complete the alternative preparation program and if their contracts as probationary teachers are renewed.

Sec. 7. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums in this section are appropriated, unless otherwise indicated, from the general fund to the department of education for the fiscal years designated.

Subd. 2. [ABATEMENT AID.] For abatement aid according to Minnesota Statutes, section 124.214:

$6,018,000 1992

$6,018,000 1993

The 1992 appropriation includes $902,000 for 1991 and $5,116,000 for 1992.

The 1993 appropriation includes $902,000 for 1992 and $5,116,000 for 1993.

Subd. 3. [INTEGRATION GRANTS.] For grants to districts implementing desegregation plans mandated by the state board:

$15,844,000 1992

$15,844,000 1993

$1,385,200 each year must be allocated to independent school district No. 709, Duluth; $7,782,300 each year must be allocated to special school district No. 1, Minneapolis; and $6,676,500 each year must be allocated to independent school district No. 625, St. Paul. As a condition of receiving a grant, each district must continue to report its costs according to the uniform financial accounting and

reporting system. As a further condition of receiving a grant, each district must submit a report to the chairs of the education committees of the legislature about the actual expenditures it made for integration using the grant money. These grants may be used to transport students attending a nonresident district under Minnesota Statutes, section 120.062, to the border of the resident district. A district may allocate a part of the grant to the transportation fund for this purpose.

Subd. 4. [GRANTS FOR COOPERATIVE DESEGREGATION.] (a) For grants to develop interdistrict school desegregation programs:

$400,000 1992

$400,000 1993

(b) The state board of education shall award grants to school districts to develop pilot interdistrict cooperative programs to reduce segregation, as defined in Minnesota Rules, part 3535.0200, subpart 4, in school buildings.

(c) To obtain a grant, a district that is required to submit a plan under Minnesota Rules, part 3535.0600, with the assistance of at least one adjacent district that is not required to submit a plan, shall submit an application to the commissioner.

(d) The application shall contain a plan for:

(1) activities such as staff development, curriculum development, student leadership, student services, teacher and student exchanges, interdistrict meetings, and orientation for school boards, parents, and the community;

(2) implementation of the activities in clause (1) before possible student transfers occur; and

(3) voluntary transfer of students between districts.

(e) A grant recipient shall submit a report about its activities.

Subd. 5. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid according to Minnesota Statutes, sections 123.931 to 123.947:

$8,892,000 1992

$8,892,000 1993

The 1992 appropriation includes $1,333,000 for 1991 and $7,559,000 for 1992.

The 1993 appropriation includes $1,333,000 for 1992 and $7,559,000 for 1993.

Subd. 6. [SCHOOL LUNCH AND FOOD STORAGE AID.] For school lunch aid according to Minnesota Statutes, section 124.646, and for food storage and transportation costs for USDA donated commodities; and for a temporary transfer to the commodity processing revolving fund to provide cash flow to permit schools and other recipients of donated commodities to take advantage of volume processing rates:

$4,875,000 1992

$4,875,000 1993

Any balance from the appropriations in this subdivision must be prorated among participating schools based on the number of fully paid lunches served during that school year 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 must be reduced and the aid for that year must be prorated among participating schools so as not to exceed the total authorized appropriation for that year.

Any temporary transfer processed in accordance with this subdivision to the commodity processing fund will be returned by June 30 in each year so that school lunch aid and food storage costs can be fully paid as scheduled.

Subd. 7. [SCHOOL MILK AID.] For school milk aid according to Minnesota Statutes, section 124.648:

$800,000 1992

$800,000 1993

Subd. 8. [TOBACCO USE PREVENTION.] For tobacco use prevention aid according to Minnesota Statutes, section 124.252:

$100,000 1992

The 1992 appropriation includes $100,000 for 1991 and $0 for 1992.

Subd. 9. [MINORITY TEACHER INCENTIVES.] For minority teacher incentives:

$500,000 1992

$500,000 1993

Any balance in the first year does not cancel but is available in the second year.

Subd. 10. [TEACHER MENTORSHIP.] For grants to develop mentoring programs in school districts according to Minnesota Statutes, section 125.231:

$250,000 1992

$250,000 1993

Any balance in the first year does not cancel and is available for the second year.

Subd. 11. [ADMINISTRATOR'S ACADEMY.] For the administrator's academy established under Minnesota Statutes, section 125.241:

$167,000 1992

$167,000 1993

$24,000 must be used each year for the school management assessment center at the University of Minnesota.

Sec. 8. [LEGISLATIVE COMMISSION ON CHILDREN, YOUTH, AND THEIR FAMILIES.]

The sums indicated in this section are appropriated from the general fund to the legislative commission on children, youth, and their families for the fiscal years designated:

$50,000 1992

$50,000 1993

Any balance in the first year does not cancel and is available in the second year.

Sec. 9. [REPEALER.]

Minnesota Statutes, sections 3.865, 3.866, 124.252, and 124C.01, subdivision 2, are repealed.

ARTICLE 9

MISCELLANEOUS

Section 1. Minnesota Statutes 1990, section 121.11, subdivision 12, is amended to read:

Subd. 12. [ADMINISTRATIVE RULES.] The state board may adopt new rules only upon specific authority other than under this subdivision. The state board may amend or repeal any of its existing rules. Notwithstanding the provisions of section 14.05, subdivision 4, the state board may grant a variance to its rules upon application by a school district for purposes of implementing experimental programs in learning or school management ~~that attempt to make better use of community resources or available technology~~. Notwithstanding any law to the contrary, and only upon receiving the agreement of the state board of teaching, the state board may grant a variance to its rules governing licensure of teachers.

Sec. 2. [121.162] [RECEIPTS; FUNDS.]

Subdivision 1. [CONFERENCE AND WORKSHOP FEES.] The commissioner may establish procedures to set and collect fees to defray costs of conferences and workshops conducted by the department. The commissioner may keep accounts as necessary within the state's accounting system for the deposit of the conference and workshop fee receipts.

Subd. 2. [APPROPRIATION.] The receipts collected under subdivision 1 are appropriated for payment of expenses relating to the workshops and conferences.

Subd. 3. [CARRY-OVER AUTHORITY.] Unobligated balances under subdivision 1 may be carried over as follows:

(1) when expenditures for which the receipts have been designated occur in the following fiscal year; or

(2) to allow retention of minor balances in accounts for conferences that are scheduled annually.

Subd. 4. [RECEIPTS AND REIMBURSEMENTS.] The commissioner may accept receipts and payments from public and nonprofit private agencies for related costs for partnership or cooperative endeavors involving education activities that are for the mutual benefit of the state, the department, and the other agency. The commissioner may keep accounts as necessary within the state's accounting system. The receipts must be deposited in the special revenue fund.

Sec. 3. Minnesota Statutes 1990, section 121.611, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS; CRITERIA.] The school district shall apply to the board of teaching for approval to hire nonlicensed teaching personnel from the community. In approving or disapproving the district's application for each community expert, the board shall consider:

(1) the qualifications of the community person whom the district proposes to employ;

(2) the reasons for the district's need for a variance from the teacher licensure requirements;

(3) ~~the district's efforts to obtain licensed teachers, who are acceptable to the school board, for the particular course or subject area;~~

~~(4)~~ the amount of teaching time for which the community expert would be hired;

~~(5)~~ (4) the extent to which the district is utilizing other nonlicensed community experts under this section;

~~(6)~~ (5) the nature of the community expert's proposed teaching responsibility; and

~~(7)~~ (6) the proposed level of compensation to the community expert.

Sec. 4. Minnesota Statutes 1990, section 123.33, subdivision 1, is amended to read:

Subdivision 1. The care, management, and control of independent districts shall be vested in a board of directors, to be known as the school board. The term of office of ~~a~~ an elected member shall be three years and until a successor qualifies. The membership of the school board shall consist of six elected directors together with such ex officio member as may be provided by law. ~~But~~ The nonvoting membership of the school board shall include a teacher selected by the exclusive bargaining representative of the teachers in the district and a student attending school in the district selected by the student organizations in the district. The teacher and the student shall attend school board meetings, receive agenda materials, introduce items for inclusion on the agenda, and participate in discussion. Neither the student nor the teacher shall receive any compensation or be reimbursed for any expenses incurred while serving as a nonvoting member. The term of office of the teacher member and student member is one year and until a successor is

selected. The teacher member must not participate in any discussion concerning the negotiation or implementation of a collective bargaining agreement and must not be present at a meeting permitted under section 471.705, subdivision 1a. The board may submit to the electors at any school election the question whether the board shall consist of seven elected members and if a majority of those voting on the proposition favor a seven-member board, a seventh member shall be elected at the next election of directors for a three-year term and thereafter the board shall consist of seven elected members.

Those districts with a seven-member board may submit to the electors at any school election at least 150 days before the next election of three members of the board the question whether the board shall consist of six elected members. If a majority of those voting on the proposition favor a six-member board instead of a seven-member board, two members instead of three members shall be elected at the next election of the board of directors and thereafter the board shall consist of six elected members.

Sec. 5. Minnesota Statutes 1990, section 123.34, subdivision 9, is amended to read:

Subd. 9. [SUPERINTENDENT.] All districts maintaining a classified secondary school shall employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent shall be vested in the school board in all cases. An individual employed by a school board as a superintendent shall have an initial employment contract for a period of time no longer than four years from the date of employment. ~~The initial employment contract must terminate on June 30 of an odd-numbered year. Any subsequent employment contract between a school board and the same individual to serve as a superintendent may not extend beyond June 30 of the next odd-numbered year.~~ Any subsequent employment contract must not exceed a period of four years. A school board, at its discretion, may or may not renew~~, at its discretion,~~ an ~~initial employment contract or a subsequent~~ employment contract. A school board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 125.12, subdivision 6 or 8. A superintendent shall not rely upon an employment contract with a school board to assert any other continuing contract rights in the position of superintendent under section 125.12. Notwithstanding the provisions of sections 122.532, 122.541, 125.12, subdivision 6a or 6b, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on ~~seniority or~~ order of employment in any district. If two or more school districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the

services based on ~~seniority or~~ order of employment in a contracting district. ~~An individual who holds a position as superintendent in one of the contracting districts, but is not selected to perform the services, may be placed on unrequested leave of absence or may be reassigned to another available position in the district for which the individual is licensed.~~ The superintendent of a district shall perform the following:

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

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

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

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

(5) perform other duties prescribed by the board.

Sec. 6. Minnesota Statutes 1990, section 123.35, is amended by adding a subdivision to read:

Subd. 8d. [FOREIGN EXCHANGE STUDENTS.] Notwithstanding subdivision 8c, or any other law to the contrary, a foreign exchange student enrolled in a district under a cultural exchange program counts in average daily membership whether or not that student has graduated from high school or its equivalent.

Sec. 7. Minnesota Statutes 1990, section 123.35, subdivision 17, is amended to read:

Subd. 17. [SCHOOL HEALTH SERVICES.] (a) Every school board must provide services to promote the health of its pupils.

(b) The board of a district with 1,000 pupils or more in average daily membership in early childhood family education, preschool handicapped, elementary, and secondary programs must comply with the requirements of this paragraph. It may use one or a combination of the following methods:

(1) employ personnel, including at least one full-time equivalent licensed school nurse or continue to employ a registered nurse not yet certified as a public health nurse as defined in section 145A.02, subdivision 18, who is enrolled in a program that would lead to certification within four years of August 1, 1988;

(2) contract with a public or private health organization or another public agency for personnel during the regular school year,

determined appropriate by the board, who are currently licensed under chapter 148 and who are certified public health nurses; or

(3) enter into another arrangement approved by the state board of education.

(c) Personnel hired or contracted for by a school board to perform delegated nursing functions must complete the curricula and meet the standards established under section 148.191, subdivision 2.

Sec. 8. Minnesota Statutes 1990, section 123.3514, subdivision 4, is amended to read:

Subd. 4. [AUTHORIZATION; NOTIFICATION.] Notwithstanding any other law to the contrary, an 11th or 12th grade pupil, except a foreign exchange student enrolled in a district under a cultural exchange program, may apply to an eligible institution, as defined in subdivision 3, to enroll in nonsectarian courses offered at that post-secondary institution. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school district, and the commissioner of education within ten days of acceptance. The notice shall indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for post-secondary credit, the institution shall notify the pupil about payment in the customary manner used by the institution.

Sec. 9. Minnesota Statutes 1990, section 123.38, subdivision 2b, is amended to read:

Subd. 2b. (a) The board may take charge of and control all extracurricular activities of the teachers and children of the public schools in the district. Extracurricular activities shall mean all direct and personal services for public school pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member.

(b) Extracurricular activities have all of the following characteristics:

~~(a)~~ (1) they are not offered for school credit nor required for graduation;

~~(b)~~ (2) they are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;

~~(c)~~ (3) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.

(c) If the board does not take charge of and control extracurricular activities, these activities shall be self-sustaining with all expenses, except direct salary costs and indirect costs of the use of school facilities, met by dues, admissions, or other student fundraising events. The general fund or the technical colleges fund, if applicable, shall reflect only those salaries directly related to and readily identified with the activity and paid by public funds. Other revenues and expenditures for extra curricular activities must be recorded according to the "Manual of Instruction for Uniform Student Activities Accounting for Minnesota School Districts and Area Vocational-Technical Colleges." Extracurricular activities not under board control must have an annual financial audit and must also be audited annually for compliance with this section.

(d) If the board takes charge of and controls extracurricular activities, any or all costs of these activities may be provided from school revenues. All revenues and expenditures for these activities under board control shall be recorded in the same manner as other revenues and expenditures of the district.

(e) If the board takes charge of and controls extracurricular activities, no such activity shall be participated in by the teachers or pupils in the district, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

Sec. 10. Minnesota Statutes 1990, section 125.12, subdivision 3, is amended to read:

Subd. 3. [PROBATIONARY PERIOD.] The first three consecutive years of a teacher's first teaching experience in Minnesota in a single school district shall be deemed to be a probationary period of employment, and after completion thereof, the probationary period in each school district in which the teacher is thereafter employed shall be one year. The school site management team, or the school board if there is no school site management team, shall adopt a plan for written evaluation of teachers during the probationary period according to subdivision 3a. ~~Effective July 1, 1988,~~ Evaluation by the peer review committee charged with evaluating probationary teachers under subdivision 3a shall occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. During the probationary period any annual contract with any teacher may or may not be renewed as the school board, after consulting with the peer review committee charged with evaluating probationary teach-

ers under subdivision 3a, shall see fit; provided, however, that the school board shall give any such teacher whose contract it declines to renew for the following school year written notice to that effect before June 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the school board shall give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 123.35, subdivision 5.

Sec. 11. Minnesota Statutes 1990, section 125.12, is amended by adding a subdivision to read:

Subd. 3a. [PEER REVIEW FOR PROBATIONARY TEACHERS.] A school must have a peer review committee charged with evaluating each probationary teacher at least three times each year for a period of three years as required under subdivision 3. The purpose of the evaluation procedure is to improve the probationary teacher's instructional effectiveness. The school site management team, or the school board if there is no school site management team, after consulting with a representative of the peer review committee and the school principal or other person having general control and supervision of the school, shall adopt a procedure for written evaluations of probationary teachers. The evaluation procedure must be structured as a continuing and cooperative process between the probationary teacher, the peer review committee, and the school principal or other person having general control and supervision of the school. The school site management team, or the school board if there is no school site management team, shall make available a written description of the evaluation procedure, including evaluation policies and criteria, to each newly hired teacher and to each probationary teacher. As part of the evaluation procedure, the school and the school district shall provide the necessary resources to assist a probationary teacher to improve those areas of instruction identified by the teacher, the peer review committee, or the principal or other person having general control and supervision of the school as in need of improvement. The school and the school district also shall provide to each probationary teacher opportunities for professional growth experiences, including in-service training.

Sec. 12. Minnesota Statutes 1990, section 125.12, is amended by adding a subdivision to read:

Subd. 4a. [PEER REVIEW FOR CONTINUING CONTRACT TEACHERS.] A school must have a peer review committee for continuing contract teachers to provide the teachers with the opportunity for positive interaction and professional growth to help

students learn more effectively. The peer review committee must not judge teacher competency nor determine whether to suspend or terminate a teacher. Members of the peer review committee must be selected by the school site management team, or by the exclusive bargaining representative if there is no school site management team. The selecting body shall establish an equitable process for selecting members of the peer review committee and an orderly cycle for rotating members. Only teachers with continuing contracts shall serve as members of the peer review committee. The peer review committee shall review once each school year each teacher with a continuing contract performing services on 120 or more school days. The review process must allow experienced teachers to improve instructional effectiveness through professional learning and development opportunities that include exchanging and internalizing ideas about the components of competent teaching. An in-service training session must be held at the beginning of each school year to train members of the peer review committee to facilitate teachers' reflections about the assumptions, beliefs, and practices underlying teaching. The selecting body shall design the training sessions and give the members of the peer review committee the necessary time off from their classroom responsibilities to perform the duties listed in this subdivision.

Sec. 13. Minnesota Statutes 1990, section 125.12, subdivision 6b, is amended to read:

Subd. 6b. [UNREQUESTED LEAVE OF ABSENCE.] The school board may place on unrequested leave of absence, without pay or fringe benefits, as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts. The unrequested leave shall be effective at the close of the school year. In placing teachers on unrequested leave, the board shall be governed by the following provisions:

(a) The board may place probationary teachers on unrequested leave first in the inverse order of their employment. No teacher who has acquired continuing contract rights shall be placed on unrequested leave of absence while probationary teachers are retained in positions for which the teacher who has acquired continuing contract rights is licensed;

(b) Teachers who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed in the inverse order in which they were employed by the school district. In the case of equal seniority, the order in which teachers who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed shall be negotiable;

(c) Notwithstanding the provisions of clause (b), no teacher shall

be entitled to exercise any seniority when that exercise results in that teacher being retained by the district in a field for which the teacher holds only a provisional license, as defined by the board of teaching, unless that exercise of seniority results in the placement on unrequested leave of absence of another teacher who also holds a provisional license in the same field. The provisions of this clause shall not apply to vocational education licenses;

(d) Notwithstanding clauses (a), (b) and (c), if the placing of a probationary teacher on unrequested leave before a teacher who has acquired continuing rights, the placing of a teacher who has acquired continuing contract rights on unrequested leave before another teacher who has acquired continuing contract rights but who has greater seniority, or the restriction imposed by the provisions of clause (c) would place the district in violation of its affirmative action program, the district may retain the probationary teacher, the teacher with less seniority, or the provisionally licensed teacher;

(e) Teachers placed on unrequested leave of absence shall be reinstated to the positions from which they have been given leaves of absence or, if not available, to other available positions in the school district in fields in which they are licensed. Reinstatement shall be in the inverse order of placement on leave of absence. No teacher shall be reinstated to a position in a field in which the teacher holds only a provisional license, other than a vocational education license, while another teacher who holds a nonprovisional license in the same field remains on unrequested leave. The order of reinstatement of teachers who have equal seniority and who are placed on unrequested leave in the same school year shall be negotiable;

(f) No appointment of a new teacher shall be made while there is available, on unrequested leave, a teacher who is properly licensed to fill such vacancy, unless the teacher fails to advise the school board within 30 days of the date of notification that a position is available to that teacher who may return to employment and assume the duties of the position to which appointed on a future date determined by the board;

(g) A teacher placed on unrequested leave of absence may engage in teaching or any other occupation during the period of this leave;

(h) The unrequested leave of absence shall not impair the continuing contract rights of a teacher or result in a loss of credit for previous years of service;

(i) The unrequested leave of absence of a teacher who is placed on unrequested leave of absence prior to January 1, 1978 and who is not reinstated shall continue for a period of two years after which the right to reinstatement shall terminate. The unrequested leave of absence of a teacher who is placed on unrequested leave of absence

on or after January 1, 1978 and who is not reinstated shall continue for a period of five years, after which the right to reinstatement shall terminate; provided the teacher's right to reinstatement shall also terminate if the teacher fails to file with the board by April 1 of any year a written statement requesting reinstatement;

(j) The same provisions applicable to terminations of probationary or continuing contracts in subdivisions 3 and 4 shall apply to placement on unrequested leave of absence;

(k) Nothing in this subdivision shall be construed to impair the rights of teachers placed on unrequested leave of absence to receive unemployment compensation if otherwise eligible.;

(l) An individual employed by a school board as a superintendent must not be denied continuing contract rights acquired while employed as a teacher, and not as a superintendent, in a school district.

Sec. 14. [125.135] [STAFF EXCHANGE PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A staff exchange program is established to allow local school districts to arrange temporary and voluntary exchanges among members of their kindergarten through grade 12 instructional and administrative staffs. The purpose of the program is to provide participants with an understanding of the educational concerns of other local school districts, including concerns of class organization, curriculum development, instructional practices, and characteristics of the student population.

The educational needs and interests of the host school district and the training, experience, and interests of the participants must determine the assignments of the participants in the host district. Participants may teach courses, provide counseling and tutorial services, work with teachers to better prepare students for future educational experiences, serve an underserved population in the district, or assist with administrative functions. The assignments participants perform for the host district must be comparable to the assignments the participants perform for the district employing the participants. Participation in the exchange program need not be limited to one school or one school district and may involve other education organizations including education districts and ECSUs.

Subd. 2. [PROGRAM REQUIREMENTS.] All staff exchanges made under this section are subject to the requirements in this subdivision.

(a) A school district employing a participating staff member must not adversely affect the staff member's salary, seniority, or other

employment benefits, or otherwise penalize the staff member for participating in the program.

(b) Upon completion or termination of an exchange, a school district employing a participating staff member must permit the staff member to return to the same assignment the staff member performed in the district before the exchange, *if available, or, if not,* a similar assignment.

(c) A school district employing a participating staff member must continue to provide the staff member's salary and other employment benefits during the period of the exchange.

(d) A participant must be licensed and tenured.

(e) Participation in the program must be voluntary.

(f) The length of participation in the program must be no less than one-half of a school year and no more than one school year, and any premature termination of participation must be upon the mutual agreement of the participant and the participating school district.

(g) A participant is responsible for transportation to and from the host school district.

(h) This subdivision does not abrogate or change rights of staff members participating in the staff exchange program or the terms of an agreement between the exclusive representative of the school district employees and the school district.

(i) Participating school districts may enter into supplementary agreements with the exclusive representative of the school district employees to accomplish the purpose of this section.

Subd. 3. [APPLICATION PROCEDURES.] The school board of a school district must decide by resolution to participate in the staff exchange program. A staff member wishing to participate in the exchange program must submit an application to the school district employing the staff member. The district must, in a timely and appropriate manner, provide to the exclusive bargaining representatives of teachers in the state the number and names of prospective participants within the district, the assignments available within the district, and the length of time for each exchange. The exclusive bargaining representatives are requested to cooperatively participate in the coordination of exchanges to facilitate exchanges across all geographical regions of the state. Prospective participants must contact teachers and districts with whom they are interested in making an exchange. The prospective participants must make all arrangements to accomplish their exchange and the superinten-

dents of the participating districts must approve the arrangements for the exchange in writing.

Sec. 15. [125.138] [FACULTY EXCHANGE PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A program of faculty exchange is established to allow school districts and post-secondary institutions to arrange temporary exchanges between members of their instructional staffs. These arrangements must be made on a voluntary cooperative basis between a school district and post-secondary institution, or between post-secondary institutions. Exchanges between post-secondary institutions may occur among campuses in the same system or in different systems.

Subd. 2. [USES OF PROGRAM.] Each participating school district and post-secondary institution may determine the way in which the instructional staff member's time is to be used, but it must be in a way that promotes understanding of the needs of each educational system or institution. For example, a public school teacher may teach courses, provide counseling and tutorial services, assist with the preparation of future teachers, or take professional development courses. A post-secondary teacher might teach advanced placement courses or other classes to aid an underserved population at the school district, counsel students about future educational plans, or work with teachers to better prepare students for post-secondary education. Participation need not be limited to one school or institution and may involve other groups including educational cooperative service units.

Subd. 3. [SALARIES; BENEFITS; CERTIFICATION.] Exchanges made under the program must not have a negative effect on participants' salaries, seniority, or other benefits. Notwithstanding sections 123.35, subdivision 6, and 125.04, a member of the instructional staff of a post-secondary institution may teach in an elementary or secondary school or perform a service, agreed upon according to this section, for which a license would otherwise be required without holding the applicable license. In addition, a licensed teacher employed by a school district may teach or perform a service, agreed upon according to this section, at a post-secondary institution without meeting the applicable qualifications of the post-secondary institution. A school district is not subject to section 124.19, subdivision 3, as a result of entering into an agreement according to this section that enables a post-secondary instructional staff member to teach or provide services in the district. All arrangements and details regarding the exchange must be mutually agreed to by each participating school district and post-secondary institution before implementation.

Sec. 16. [125.1385] [EXCHANGES BETWEEN EDUCATION FACULTY.]

Subdivision 1. [AUTHORITY; LIMITS.] The state university board and the board of regents of the University of Minnesota may develop programs to exchange faculty between colleges or schools of education and school districts, subject to section 125.138.

The programs must be used to assist in improving teacher education by involving current teachers in education courses and placing post-secondary faculty in elementary and secondary classrooms. Programs must include exchanges that extend beyond the immediate service area of the institution to address the needs of different types of schools, students, and teachers.

Subd. 2. [COMPENSATION.] State money for faculty exchange programs is to compensate for expenses that are unavoidable and beyond the normal living expenses exchange participants would incur if they were not involved in this exchange. The state university board, the board of regents, or the University of Minnesota, and their respective campuses, in conjunction with the participating school districts, must control costs for all participants as much as possible, through means such as arranging housing exchanges, providing campus housing, and providing university, state, or school district cars for transportation. The boards and campuses may seek other sources of funding to supplement these appropriations, if necessary.

Sec. 17. Minnesota Statutes 1990, section 125.17, subdivision 2, is amended to read:

Subd. 2. [PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.] All teachers in the public schools in cities of the first class during the first three years of consecutive employment shall be deemed to be in a probationary period of employment during which period any annual contract with any teacher may, or may not, be renewed as the school board, after consulting with the peer review committee charged with evaluating the probationary teachers under subdivision 2a, shall see fit. The school site management team or the school board if there is no school site management team, shall adopt a plan for a written evaluation of teachers during the probationary period according to subdivision 2a. ~~Effective July 1, 1988,~~ Evaluation by the peer review committee charged with evaluating probationary teachers under subdivision 2a shall occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. The school board may, during such probationary period, discharge or demote a teacher for any of the causes as specified in this code. A

written statement of the cause of such discharge or demotion shall be given to the teacher by the school board at least 30 days before such removal or demotion shall become effective, and the teacher so notified shall have no right of appeal therefrom.

Sec. 18. Minnesota Statutes 1990, section 125.17, is amended by adding a subdivision to read:

Subd. 2a. [PEER REVIEW FOR PROBATIONARY TEACHERS.] A school must have a peer review committee charged with evaluating each probationary teacher at least three times each year for a period of three years as required under subdivision 3. The purpose of the evaluation procedure is to improve the probationary teacher's instructional effectiveness. The school site management team, or the school board if there is no school site management team, after consulting with a representative of the peer review committee and the school principal or other person having general control and supervision of the school, shall adopt a procedure for written evaluations of probationary teachers. The evaluation procedure must be structured as a continuing and cooperative process between the probationary teacher, the peer review committee, and the school principal or other person having general control and supervision of the school. The school site management team, or the school board if there is no school site management team, shall make available a written description of the evaluation procedure, including evaluation policies and criteria, to each newly hired teacher and to each probationary teacher. As part of the evaluation procedure, the school and the school district shall provide the necessary resources to assist a probationary teacher to improve those areas of instruction identified by the teacher, the peer review committee, or the principal or other person having general control and supervision of the school as in need of improvement. The school and the school district also shall provide to each probationary teacher opportunities for professional growth experiences, including in-service training.

Sec. 19. Minnesota Statutes 1990, section 125.17, is amended by adding a subdivision to read:

Subd. 3a. [PEER REVIEW FOR NONPROBATIONARY TEACHERS.] A peer review committee for nonprobationary teachers shall exist in each school to provide nonprobationary teachers with the opportunity for positive interaction and professional growth to help students learn more effectively. The peer review committee must not judge teacher competency nor determine whether to discharge or demote a teacher. Members of the peer review committee must be selected by the school site management team, or by the exclusive bargaining representative if there is no school site management team. The selecting body shall establish an equitable process for selecting members of the peer review committee and an orderly cycle for rotating members. Only nonprobationary teachers shall

serve as members of the peer review committee. The peer review committee shall review once each school year each nonprobationary *teacher performing services on 120 or more school days.* The review process must allow experienced teachers to improve instructional effectiveness through professional learning and development opportunities that include exchanging and internalizing ideas about the components of competent teaching. An in-service training session must be held at the beginning of each school year to train members of the peer review committee to facilitate teachers' reflections about the assumptions, beliefs, and practices underlying teaching. The selecting body shall design the training session and give the members of the peer review committee the necessary time off from the classroom responsibilities to perform the duties listed in this subdivision.

Sec. 20. Minnesota Statutes 1990, section 126.266, subdivision 2, is amended to read:

Subd. 2. A teacher serving under an exemption as provided in subdivision 1 shall be granted a license as soon as that teacher qualifies for it. Not more than one year of service by a teacher under an exemption shall be credited to the teacher for the purposes of section 125.12~~; and not more than two years shall be credited to the teacher for purposes of section 125.17; and the one or two years shall be deemed to precede immediately and be consecutive with the year in which the teacher becomes licensed~~. For purposes of section 125.17, a teacher shall receive credit equal to the number of years the teacher served under an exemption.

Sec. 21. Minnesota Statutes 1990, section 148.191, subdivision 2, is amended to read:

Subd. 2. [POWERS.] (a) The board is authorized to adopt and, from time to time, revise rules not inconsistent with the law, as may be necessary to enable it to carry into effect the provisions of sections 148.171 to 148.285. The board shall prescribe by rule curricula and standards for schools and courses preparing persons for licensure under sections 148.171 to 148.285. It shall conduct or provide for surveys of such schools and courses at such times as it may deem necessary. It shall approve such schools and courses as meet the requirements of sections 148.171 to 148.285 and board rules. It shall examine, license, and renew the license of duly qualified applicants. It shall hold examinations at least once in each year at such time and place as it may determine. It shall by rule adopt, evaluate, and periodically revise, as necessary, requirements for licensure and for registration and renewal of registration as defined in section 148.231. It shall cause the prosecution of all persons violating sections 148.171 to 148.285 and have power to incur such necessary expense therefor. It shall register public health nurses who meet educational and other requirements established by the board by rule, including payment of a fee. Prior to the adoption of rules, the

board shall use the same procedures used by the department of health to certify public health nurses. It shall prescribe by rule the curricula and standards for the training and functioning of nursing assistants as defined in section 144A.61, subdivision 2, who are working as either an employee of, or under contract to, a school district. It shall have power to issue subpoenas, and to compel the attendance of witnesses and the production of all necessary documents and other evidentiary material. Any board member may administer oaths to witnesses, or take their affirmation. It shall keep a record of all its proceedings.

(b) The board shall have access to hospital, nursing home, and other medical records of a patient cared for by a nurse under review. If the board does not have a written consent from a patient permitting access to the patient's records, the nurse or facility shall delete any data in the record that identifies the patient before providing it to the board. The board shall have access to such other records as reasonably requested by the board to assist the board in its investigation. Nothing herein may be construed to allow access to any records protected by section 145.64. The board shall maintain any records obtained pursuant to this paragraph as investigative data under chapter 13.

Sec. 22. Minnesota Statutes 1990, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver on or before November 10 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year as required in paragraph (d) or (e) and, for a town, the amount of its final levy. It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. It must state the time and place for the continuation of the hearing if the hearing is not completed on the original date.

(d) Except as provided in paragraph (e), for taxes levied in 1990

and 1991, the notice must state by county, city or town, and school district:

(1) the total proposed or, for a town, final property tax levy for taxes payable the following year after reduction for state aid;

(2) the percentage increase or decrease from the actual property tax levy for taxes payable in the current year; and

(3) for counties, cities, and towns, the increase or decrease in population from the second previous calendar year to the immediately prior calendar year, and for school districts, the increase or decrease in the number of pupils in average daily membership from the second previous school year to the immediately prior school year as determined by the commissioner of education. The data used to determine the increase or decrease in population under this clause must be the data used for purposes of the population adjustment to the levy limit base of the county, city, or town under section 275.51, subdivision 6.

For purposes of this paragraph, "proposed property taxes after reduction for state aid" means the taxing authority's levy certified under section 275.07, subdivision 1.

(e) In the case of a county containing a city of the first class, or taxing authority lying wholly within a county or counties containing a city of the first class, for taxes levied in 1991, and thereafter, and for all counties for taxes levied in 1992 and thereafter, the notice must state for each parcel:

(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year;

(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.

(f) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified; and

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified.

Sec. 23. Minnesota Statutes 1990, section 275.065, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) A city, county, or school district shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or in the case of a school district, ~~a property tax levy,~~ to review its current budget and proposed property taxes payable the following year at a public hearing. The notice must be published not less than two days nor more than six days before the hearing.

The advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper, and the headlines in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 24-point. The text of the advertisement must be no smaller than 18-point, except that the property tax amounts and percentages may be in 14-point type. The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.

(b) The advertisement must be in the following form, except that the notice for a school district ~~must not~~ may include references to the current budget ~~hearings or to adoption of a budget:~~ in regard to proposed property taxes.

"NOTICE OF

PROPOSED PROPERTY TAXES

(City/County/School District) of .....

The governing body of ..... will soon hold budget hearings and vote

on the property taxes for (city/county services that will be provided in 199__/school district services that will be provided in 199__ and 199__).

The property tax amounts below compare current (city/county/school district) property taxes and the property taxes that would be collected in 199__ if the budget now being considered is approved.

199__ Property Taxes	Proposed 199__ Property Taxes	199__ Increase or Decrease
$.....	$.....	.....%

NOTICE OF PUBLIC HEARING:

All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (city/county/school district) budget and property taxes, or in the case of a school district, its current budget and proposed property taxes, payable the following year. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address).

A continuation of the hearing, if necessary, will be held on (Month/Day/Year) at (Time) at (Location, Address).

Written comments may be directed to (Address)."

Sec. 24. Minnesota Statutes 1990, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 15 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to review its current budget and adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The property tax levy certified under section 275.07 by a city, county, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124A.03, subdivision 2, or 124.82, subdivision 3, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters under section 275.58 after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; and

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body school districts, shall adopt its final property tax levy prior to adopting its final budget.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The county auditor shall provide for the coordination of hearing dates for all taxing authorities within the county.

By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditors of the counties in which the school district is located the dates on which it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities

within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with those elected by or assigned to the counties and school districts in which the city is located.

The hearing dates so elected or assigned must be designated on the notices required under subdivision 3.

This subdivision does not apply to towns and special taxing districts.

Sec. 25. [RULEMAKING; TEACHER PREPARATION TIME.]

By May 1, 1992, the state board of education shall adopt a rule under Minnesota Statutes, chapter 14, establishing preparation time requirements for elementary school staff that are comparable to the preparation time requirements for secondary school staff established in Minnesota Rules, part 3500.3700, subpart 3. In adopting the rule, the state board shall consider the length and structure of the elementary day and, if appropriate, permit preparation time to be scheduled at more than one time during the school day. The rule must be effective for the 1992-1993 school year. The state board shall establish a process and criteria for granting one-year variances from the rule for districts that are unable to comply for the 1992-1993 school year.

Sec. 26. [LIMITED RECOGNITION OF REVENUE.]

Notwithstanding Minnesota Statutes, section 298.28, subdivision 4, independent school district No. 318, Grand Rapids, must recognize in fiscal year 1991, only $46,009.21 as money for outcome-based learning programs.

Sec. 27. [REPEALER.]

Minnesota Statutes 1990, section 123.744, is repealed. Laws 1988, chapter 703, article 1, section 23, as amended by Laws 1989, chapter 293, section 81; and Laws 1989, chapters 293, section 82, and 329, article 9, section 30, are repealed.

Sec. 28. [EFFECTIVE DATE.]

Section 9 is effective for the 1990-1991 school year and thereafter. Sections 4, 6, and 8 are effective the day following final enactment and apply to 1991-1992 and later school years.

Under Minnesota Statutes, section 123.34, subdivision 9, a con-

tract executed before July 1, 1991, between a superintendent and a school board that continues in effect beyond June 30, 1991, shall continue until terminated under those terms that were lawful at the time the contract was executed.

ARTICLE 10

PUBLIC LIBRARIES

Section 1. [134.075] [PUBLIC LIBRARIES IN PUBLIC SCHOOLS.]

(a) A public library may be located in a public elementary or secondary school or in a public post-secondary educational institution. Notwithstanding section 134.001, subdivision 3, or any other law to the contrary, a public library may cooperate with a public elementary or secondary school or a public post-secondary institution to accomplish the following:

(1) foster sharing of materials between the library and the school or institution;

(2) teach students lifelong basic research and learning skills;

(3) supplement school or institution curriculum;

(4) prepare curriculum to teach students to use available libraries;

(5) review materials periodically to determine their relevance to curriculum, their timeliness, and the extent to which they are culturally diverse or offer alternative viewpoints;

(6) provide access to up-to-date technology and the trained staff to manage that technology;

(7) computerize an index to facilitate shared access to materials; or

(8) promote acquisition of up-to-date materials.

(b) Unless otherwise agreed, when a public library cooperates with a public elementary or secondary school or a public post-secondary institution, the library board and the school board shall each retain the powers and authority to govern its respective libraries.

Sec. 2. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [BASIC SUPPORT GRANTS.] For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:

$6,118,000 1992

$6,118,000 1993

The 1992 appropriation includes $917,000 for 1991 and $5,201,000 for 1992.

The 1993 appropriation includes $917,000 for 1992 and $5,201,000 for 1993.

Subd. 3. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

$486,000 1992

$527,000 1993

The 1992 appropriation includes $38,000 for 1991 and $448,000 for 1992.

The 1993 appropriation includes $79,000 for 1992 and $448,000 for 1993.

ARTICLE 11

EDUCATION AGENCY SERVICES

Section 1. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] For educational cooperative service units:

$748,000 1992

$748,000 1993

The 1992 appropriation includes $112,000 for 1991 and $636,000 for 1992.

The 1993 appropriation includes $112,000 for 1992 and $636,000 for 1993.

Money from this appropriation may be transmitted to ECSU boards of directors for general operations in amounts of up to $68,000 per ECSU for each fiscal year. The ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight may receive up to $136,000 for each fiscal year.

Before releasing money to the ECSUs, the department of education shall ensure that the annual plan of each ECSU explicitly addresses the specific educational services that can be better provided by an ECSU than by a member district. The annual plan must include methods to increase direct services to school districts in cooperation with the state department of education. The department may withhold all or a part of the money for an ECSU if the department determines that the ECSU has not been providing services according to its annual plan.

Subd. 3. [MANAGEMENT INFORMATION CENTERS.] For management information centers according to Minnesota Statutes, section 121.935, subdivision 5:

$3,411,000 1992

$3,411,000 1993

$356,000 each year is for software support of the ESV information system. $80,000 in 1993 is for collection and storage of data elements descriptive of students and schools.

Subd. 4. [EVALUATION OF BASIC SKILLS PROGRAMS.] For continuing an independent statewide evaluation of basic skills programs:

$75,000 1992

$75,000 1993

These appropriations are contingent upon the department's receipt of $1 from private or federal sources for each $2 of appropriation. The commissioner of education must certify the receipt of the private or federal matching funds. The commissioner shall contract with an organization that is not connected with the delivery system.

Subd. 5. [GED AND LEARN TO READ ON TV.] For statewide purchase of broadcast costs, publicity, and coordination of the GED on TV series and the learn to read on TV series:

$100,000 1992

$100,000 1993

The department may contract for these services.

Up to $10,000 of this appropriation for each fiscal year is available for technical and administrative assistance.

Subd. 6. [STATE PER ASSISTANCE.] For state assistance for planning, evaluating, and reporting:

$601,000 1992

$601,000 1993

At least $45,000 each year must be used to assist districts with the assurance of mastery program.

Subd. 7. [EDUCATIONAL EFFECTIVENESS.] For educational effectiveness programs according to Minnesota Statutes, sections 121.608 and 121.609:

$900,000 1992

$900,000 1993

Subd. 8. [CURRICULUM AND TECHNOLOGY INTEGRATION.] For curriculum and technology services:

$400,000 1992

$400,000 1993

Subd. 9. [ACADEMIC EXCELLENCE FOUNDATION.] For the academic excellence foundation according to Minnesota Statutes, section 121.612:

$160,000 1992

$160,000 1993

Up to $50,000 each year is contingent upon the department's receipt of $1 from private sources for each $1 of the appropriation.

The commissioner of education must certify receipt of the private matching funds.

Subd. 10. [TEACHER CENTERS.] For teacher center aid:

$350,000 1992

$350,000 1993

To be eligible for this aid, a teacher center must be established under Minnesota Statutes, section 124C.41, subdivisions 1 to 5, and be in operation during fiscal year 1991. The department, in consultation with the teacher centers eligible for aid, must establish a formula for allocating teacher center aid that is based on the number of full-time equivalent teachers served. The formula may have a minimum and maximum allocation per teacher center. Teacher center aid must be used for implementing the teacher center plan.

ARTICLE 12

STATE AGENCIES' APPROPRIATIONS FOR EDUCATION

Section 1. Minnesota Statutes 1990, section 129C.10, is amended to read:

129C.10 [MINNESOTA CENTER FOR ARTS EDUCATION.]

Subdivision 1. [GOVERNANCE.] The board of the Minnesota center for arts education shall consist of 15 persons. The members of the board shall be appointed by the governor with the advice and consent of the senate. At least one member must be appointed from each congressional district.

Subd. 2. [TERMS, COMPENSATION, AND OTHER.] The membership terms, compensation, removal of members, and filling of vacancies shall be as provided for in section 15.0575. A member may serve not more than two consecutive terms.

Subd. 3. [POWERS AND DUTIES OF BOARD.] (a) The board has the powers necessary for the care, management, and control of the Minnesota center for arts education and all its real and personal property. The powers shall include, but are not limited to, those listed in this subdivision.

(b) The board may employ and discharge necessary employees, and

contract for other services to ensure the efficient operation of the center for arts education.

(c) The board may receive and award grants. The board may establish a charitable foundation and accept, in trust or otherwise, any gift, grant, bequest, or devise for educational purposes and hold, manage, invest, and dispose of them and the proceeds and income of them according to the terms and conditions of the gift, grant, bequest, or devise and its acceptance. The board shall adopt internal procedures for administering and monitoring aids and grants.

(d) The board may establish or coordinate evening, continuing education, extension, and summer programs for teachers and pupils.

(e) The board may identify pupils ~~in grades 9 to 12~~ who have artistic talent, either demonstrated or potential, in dance, literary arts, media arts, music, theater, and visual arts, or in more than one art form.

(f) The board shall educate pupils with artistic talent by providing:

(1) ~~a pilot~~ an interdisciplinary academic and arts program for pupils in the 11th and 12th grades~~, beginning with 135 pupils in the 11th grade in September 1989, and 135 pupils in the 11th grade and 135 pupils in the 12th grade in September 1990~~. The total number of pupils accepted under this clause and clause (2) must not exceed 300;

(2) additional instruction may be provided to students for a thirteenth grade. Pupils eligible for this instruction are those enrolled in the 12th grade program who need extra instruction and apply to the board, or pupils in those programs who do not meet learner outcomes established by the board. The determination of criteria for admission into the thirteenth grade is not subject to chapter 14;

(3) intensive arts seminars for one or two weeks for pupils in grades 9 to 12;

~~(3)~~ (4) summer arts institutes for pupils in grades 9 to 12;

~~(4)~~ (5) artist mentor and extension programs in regional sites; and

~~(5)~~ (6) teacher education programs for indirect curriculum delivery.

(g) The board may determine the location for the Minnesota center for arts education and any additional facilities related to the center, including the authority to lease a temporary facility.

(h) The board must plan for the enrollment of pupils on an equal basis from each congressional district.

(i) The board may establish task forces as needed to advise the board on policies and issues. The task forces expire as provided in section 15.059, subdivision 6.

(j) The board may request the commissioner of education for assistance and services.

(k) The board may enter into contracts with other public and private agencies and institutions for residential and building maintenance services if it determines that these services could be provided more efficiently and less expensively by a contractor than by the board itself. The board may also enter into contracts with public or private agencies and institutions, school districts or combinations of school districts, or educational cooperative service units to provide supplemental educational instruction and services.

(l) The board may provide or contract for services and programs by and for the center for arts education, including a store, operating in connection with the center; theatrical events; and other programs and services that, in the determination of the board, serve the purposes of the center.

(m) The board may provide for transportation of pupils to and from the center for arts education for all or part of the school year, as the board considers advisable and subject to its rules. Notwithstanding any other law to the contrary, the board may charge a reasonable fee for transportation of pupils. Every driver providing transportation of pupils under this paragraph must possess all qualifications required by the state board of education. The board may contract for furnishing authorized transportation under rules established by the commissioner of education and may purchase and furnish gasoline to a contract carrier for use in the performance of a contract with the board for transportation of pupils to and from the center for arts education. When transportation is provided, scheduling of routes, establishment of the location of bus stops, the manner and method of transportation, the control and discipline of pupils, and any other related matter is within the sole discretion, control, and management of the board.

(n) The board may provide room and board for its pupils.

(o) The board may establish and set fees for services and programs without regard to chapter 14. If the board sets fees not authorized or prohibited by the Minnesota public school fee law, it may do so without complying with the requirements of section 120.75, subdivision 1.

Subd. 3a. [CENTER FUND APPROPRIATION.] (a) There is established in the state treasury a center for arts education fund. All money collected by the board shall be deposited in the fund. Money in the fund, including interest earned, is annually appropriated to the board for the operation of its services and programs.

(b) Except as otherwise provided, rental income must be deposited in the state treasury and credited to a revolving fund of the center. Money in the revolving fund for rental income is annually appropriated to the board for the operation of its services and programs.

(c) Income from fees for conferences, seminars, technical assistance, and production of instructional materials must be deposited in the state treasury and credited to a revolving fund of the center. Money in the revolving fund for fees from conferences, seminars, technical assistance, and production of instructional materials is annually appropriated to the board to defray expenses of the conferences, seminars, technical assistance, and production of materials.

Subd. 4. [EMPLOYEES.] (a)(1) The board shall appoint a director of the center for arts education who shall serve in the unclassified service.

(2) The board shall employ, upon recommendation of the director, a coordinator of resource programs who shall serve in the unclassified service.

(3) The board shall employ, upon recommendation of the director, up to six department chairs who shall serve in the unclassified service. The chairs shall be licensed teachers unless no licensure exists for the subject area or discipline for which the chair is hired.

(4) The board may employ other necessary employees, upon recommendation of the director.

(5) The board shall employ, upon recommendation of the director, an executive secretary for the director, who shall serve in the unclassified service.

(b) The employees hired under this subdivision and other necessary employees hired by the board shall be state employees in the executive branch.

Subd. 4a. [ADMISSION AND CURRICULUM REQUIREMENTS GENERALLY.] (a) The board may adopt rules for admission to and discharge from the full-time programs for talented pupils, rules regarding discharge from the dormitory, and rules regarding the operation of the center, including transportation of its pupils. Rules covering admission are governed by chapter 14. Rules covering

discharge from the full-time program for talented pupils must be consistent with sections 127.26 to 127.39, the pupil fair dismissal act. Rules covering discharge from the dormitory are exempt from sections 127.26 to 127.39. Rules regarding discharge and the operation of the center are not governed by chapter 14.

(b) Proceedings concerning the full-time program for talented pupils, including admission, discharge from the full-time program, discharge from the dormitory, a pupil's program, and a pupil's progress, are governed by the rules adopted by the board and are not contested cases governed by chapter 14.

Subd. 5. [RESOURCE PROGRAMS.] ~~Resource programs must be directed at improving arts education in elementary and secondary schools throughout the state. The programs offered shall include at least summer institutes offered to pupils in various regions of the state, in-service workshops for teachers, and leadership development programs for teachers. The board shall establish a resource programs advisory council composed of elementary and secondary arts educators, representatives from post-secondary educational institutions, department of education, state arts board, regional arts councils, educational cooperative service units, school district administrators, parents, and other organizations involved in arts education. The advisory council shall include representatives from a variety of arts disciplines and from various areas of the state. The advisory council shall advise the board about the resource programs. Resource programs shall promote and develop arts education offered by school districts and arts organizations and shall assist school districts and arts organizations in developing innovative programming. The board may contract with arts organizations to provide resource programs. The advisory council shall advise the board on contracts and grants related to the operation of resource programs.~~ The center shall offer resource and outreach programs and services statewide aimed at enhancing arts education opportunities for students in kindergarten through grade 12. The programs and services must include: programs and services aimed at developing and demonstrating exemplary curriculum, instructional practices and assessment; information dissemination; and programs for students and teachers in geographic regions that are underserved that develop technical and creative skills in art forms that are underrepresented.

Subd. 6. [PUBLIC POST-SECONDARY INSTITUTIONS; PROVIDING SPACE.] Public post-secondary institutions shall provide space for programs offered by the Minnesota center for arts education at no cost or reasonable cost to the center to the extent that space is available at the public post-secondary institutions.

Subd. 7. [PURCHASING INSTRUCTIONAL ITEMS.] Technical educational equipment may be procured for programs of the Minnesota center for arts education by the board either by brand designa-

tion or in accordance with standards and specifications the board may adopt, notwithstanding chapter 16B.

Sec. 2. Minnesota Statutes 1990, section 268.08, subdivision 6, is amended to read:

Subd. 6. [SERVICES PERFORMED FOR STATE, MUNICIPALITIES OR CHARITABLE CORPORATION.] Benefits based on service in employment defined in section 268.04, subdivision 12, clauses (7), (8) and (9), are payable in the same amount, on the same terms and subject to the same conditions as benefits payable on the basis of other service subject to this chapter; except that

(a) Benefits based upon service performed in an instructional, research, or principal administrative capacity for an institution of higher education or a public school, or a nonpublic school or the Minnesota state academy for the deaf or Minnesota state academy for the blind, or the Minnesota center for arts education, or in a public or nonpublic school for an educational cooperative service unit established under section 123.58, or any other educational service agency as defined in section 3304(a)(6)(A)(IV) of the Federal Unemployment Tax Act, shall not be paid for any week of unemployment commencing during the period between two successive academic years or terms, or during a similar period between two regular but not successive terms, or during a period of paid sabbatical leave provided for in the individual's contract, to any individual if the individual performs the services in the first of the academic years or terms and if there is a contract or a reasonable assurance that the individual will perform services in any such capacity for any institution of higher education, public school, nonpublic school, Minnesota state academies for the deaf and blind, the Minnesota center for arts education, an educational cooperative service unit, or other educational service agency, in the second of the academic years or terms, and

(b) With respect to service performed in any capacity other than those capacities described in clause (a) of this subdivision, for an institution of higher education, or a public school or nonpublic school, or the Minnesota state academy for the deaf or Minnesota state academy for the blind, or the Minnesota center for arts education, or in a public or nonpublic school or for an educational cooperative service unit established under section 123.58, or any other educational service agency as defined in section 3304(a)(6)(A)(IV) of the Federal Unemployment Tax Act, benefits shall not be paid on the basis of these services to any individual for any week which commences during a period between two successive academic years or terms if the individual performs the services in the first of the academic years or terms and there is a reasonable assurance that the individual will perform the services in the second of the academic years or terms. If benefits are denied to any individual under this clause and the individual was not offered an

opportunity to perform the services in the second of the academic years or term, the individual shall be entitled to a retroactive payment of benefits for each week in which the individual filed a timely claim for benefits, but the claim was denied solely because of this clause; and

(c) With respect to services described in clauses (a) or (b), benefits payable on the basis of the services shall not be paid to any individual for any week which commences during an established and customary vacation period or holiday recess if the individual performs the services in the period immediately before the vacation period or holiday recess, and there is a reasonable assurance that the individual will perform the services in the period immediately following the vacation period or holiday recess.

Sec. 3. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] (a) The sums indicated in this section are appropriated from the general fund, unless otherwise indicated, to the department of education for the fiscal years designated.

(b) The amounts that may be spent for each program are specified in the following subdivisions.

(c) The approved complement is:

	1992	1993
General Fund	258.5	258.5
Federal	135.6	135.6
Other	28.9	28.9
Total	423.0	423.0

(d) 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 education finance division of the education committee of the house of representatives and the education funding division of the education committee of the senate. During the biennium, the commissioner may transfer money among the various objects of expenditure categories and activities within each program, unless restricted by executive order.

(e) The commissioner of education may transfer complement among funds if necessary and must provide a listing of the transfers to the commissioner of finance at the end of each fiscal year. Material changes must be approved by the commissioner of finance and reported to the house education finance division and the senate education funding division.

(f) The commissioner shall continue to enforce Minnesota Statutes, section 126.21, as it applies to programs supervised by the commissioner. This function must not be performed by the same person who, with funding under a federal grant, is providing technical assistance to school districts in implementing nondiscrimination laws.

Subd. 2. [EDUCATIONAL SERVICES.]

$9,601,000 1992

$9,598,000 1993

$21,000 each year is from the trunk highway fund.

$100,000 each year is from the alcohol-impaired driver education account in the special revenue fund.

Subd. 3. [ADMINISTRATION AND FINANCIAL SERVICES.]

$8,732,000 1992

$8,744,000 1993

$1,414,000 in 1992 and $1,410,000 in 1993 are for the education data systems section, of which $15,000 each year is for the expenses of the ESV computer council. Any balance in the first year does not cancel and is available for the second year.

$200,000 each year is for contracting with the state fire marshal to provide the services required according to Minnesota Statutes, section 121.1502.

The budget for the board of teaching must not exceed the budget for the state board of education. The board of teaching budget is not exempt from internal reallocations and reductions required to balance the budget of the combined agencies.

The commissioner shall maintain no more than five total complement in the categories of commissioner, deputy commissioner, assistant commissioner, assistant to the commissioner, and executive assistant.

Subd. 4. [AGENCY REDUCTION.] The appropriations in subdivisions 2 and 3 are reduced by $500,000 each year. The commissioner must allocate this reduction to the appropriations in subdivisions 2 and 3 in a manner that causes the least possible reduction in services to education deliverers. The base level complement must be reduced commensurate with reduction in staff as a result of this reduction.

Sec. 4. [FARIBAULT ACADEMIES APPROPRIATION.]

The sums indicated in this section are appropriated from the general fund to the department of education for the Faribault Academies:

$7,801,000 1992

$7,773,000 1993

Any balance in the first year does not cancel and is available for the second year.

The approved complement is:

	1992	1993
General fund	185.6	185.6
Federal	8.0	8.0
Total	193.6	193.6

The state board of education may transfer complement among funds if necessary and must provide a listing of the transfers to the commissioner of finance at the end of each fiscal year. Material changes must be approved by the commissioner of finance and reported to the house education finance division and the senate education funding division.

The state board of education, with the approval of the commissioner of finance, may increase the complement above the approved levels if funds are available for the academies in addition to the amounts appropriated in this section.

Sec. 5. [MINNESOTA CENTER FOR ARTS EDUCATION APPROPRIATION.]

The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education for the fiscal years indicated:

$4,814,000 1992

$4,807,000 1993

Any balance in the first year does not cancel but is available in the second year.

The approved complement is:

	1992	1993
General Fund	53	53
Total	53	53

The complement may be increased by the number of staff currently on interchange agreements or contracts if adding these staff to the center complement will result in cost savings. Any additional complement must be approved by the commissioner of finance.

Sec. 6. [REPEALER.]

Laws 1989, chapter 329, article 12, section 8, is repealed.

ARTICLE 13

BONDING: MAXIMUM EFFORT SCHOOL LOAN PROGRAM

Section 1. [124.479] [BOND ISSUE; MAXIMUM EFFORT SCHOOL LOANS, 1991.]

To provide money to be loaned to school districts as agencies and political subdivisions of the state to acquire and to better public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance shall issue and sell school loan bonds of the state of Minnesota in the maximum amount of $45,065,000, in addition to the bonds already authorized for this purpose. The same amount is appropriated to the maximum effort school loan fund and must be spent under the direction of the commissioner of education to make debt service loans and capital loans to school districts as provided in sections 124.36 to 124.47. The bonds must be issued and sold and provision for their payment must be made according to section 124.46. Expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for those purposes, must be paid from the maximum effort school loan fund, and the money necessary for the expenses is appropriated from that fund.

Sec. 2. [1991 MAXIMUM EFFORT LOANS.]

The commissioner of education shall make capital loans to independent school district No. 115, Cass Lake; independent school district No. 192, Farmington; independent school district No. 682, Roseau; independent school district No. 748, Sartell; independent school district No. 345, New London-Spicer; independent school district No. 533, Dover-Eyota; independent school district No. 95, Cromwell; and independent school district No. 255, Pine Island. Capital loans to these districts are approved.

Districts approved by the legislature for a maximum effort loan

shall have their project plans and budgets reviewed by the commissioner to determine optimum cost efficiency. The commissioner may reduce the amount of the loans in accord with this review. Costs incurred by the commissioner for professional services associated with the review may be recovered from the districts.

Notwithstanding any law to the contrary, if the available funding is inadequate to meet the loan requests of all the approved districts, the commissioner may reduce the amount of the loan. Capital loans must be made to all approved districts.

Except for reductions in the loans made according to this section, the amount, terms, and forgiveness of the loans are governed by Minnesota Statutes, section 124.431, as amended by 1991 H.F. No. 73.

Sec. 3. [BONDING AUTHORITY.]

Notwithstanding the election requirements of Minnesota Statutes, chapter 475, or any other law to the contrary, any school district with a capital loan approved in section 2, may issue general obligation bonds without an election in an amount not to exceed the difference between the state board approved capital loan project cost and the sum of the amount of the capital loan actually granted and the voter approved local bonding authority. To pay the principal of and interest on bonds issued under this section, the school district shall levy a tax in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. Except as otherwise provided in this article, or article 5, or Minnesota Statutes, sections 124.36 to 124.477, the issuance and sale of the bonds is governed by Minnesota Statutes, chapter 475. The tax authorized under this section is in addition to any other taxes levied under Minnesota Statutes, chapter 124, 124A, or 275, or any other law.

Sec. 4. [APPROPRIATION; MAXIMUM EFFORT SCHOOL LOAN FUND.]

$3,795,000 is appropriated from the general fund to the department of education for fiscal year 1993 for the maximum effort school loan fund. This appropriation is added to the appropriation in article 5 for this purpose. All the conditions that apply to the maximum effort school loan fund appropriation in article 5 apply to this appropriation.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to education; providing for general education revenue; transportation; special programs; community service programs; facilities and equipment; other aids and levies; miscellaneous education related programs; library programs; education agency services; art education programs; maximum effort school loan programs; authorizing bonding; appropriating money; amending Minnesota Statutes 1990, sections 120.08, subdivision 3; 120.101, subdivisions 5, 9, and by adding a subdivision; 120.17, subdivisions 3b and 7a; 120.181; 121.11, subdivision 12; 121.15, subdivisions 1, 2, 3, 6, 7, 8, 9, and by adding subdivisions; 121.155; 121.585, subdivision 3; 121.611, subdivision 2; 121.88, subdivisions 9 and 10; 121.882, subdivisions 2, 6, and by adding a subdivision; 121.904, subdivisions 4a and 4e; 121.912, by adding a subdivision; 122.22, subdivisions 7a and 9; 122.23, subdivisions 2 and 3; 122.242, subdivision 9; 122.531, by adding subdivisions; 122.535, subdivision 6; 123.33, subdivision 1; 123.34, subdivision 9; 123.35, subdivisions 8, 17, and by adding a subdivision; 123.3514, subdivisions 3, 4, and by adding a subdivision; 123.38, subdivision 2b; 123.702; 123.951; 124.17, subdivisions 1 and 1b; 124.175; 124.19, subdivisions 1, 7, and by adding a subdivision; 124.195, subdivisions 9 and 12; 124.223, subdivisions 1 and 8; 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 8a, 8k, 10, and by adding a subdivision; 124.26, subdivisions 1c and 2; 124.261; 124.2711, subdivisions 1 and 3; 124.2721, subdivisions 2 and 3; 124.2725, subdivision 6; 124.273, subdivision 1b; 124.311, subdivision 4; 124.32, subdivisions 1b and 10; 124.332, subdivisions 1 and 2; 124.431, by adding a subdivision; 124.573, subdivisions 2b and 3a; 124.574, subdivision 2b; 124.575, subdivisions 1, 2, 3, and 4; 124.646; 124.83, subdivision 4; 124.86, subdivision 2; 124A.03; 124A.04; 124A.22, subdivisions 2, 4, 5, 8, 9, and by adding subdivisions; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; 124A.29, subdivision 1; 124A.30; 124C.03, subdivision 2; 125.12, subdivisions 3, 6b, and by adding subdivisions; 125.17, subdivision 2, and by adding subdivisions; 125.185, subdivisions 4 and 4a; 125.231; 126.22, subdivisions 2, 3, and 4; 126.23; 126.266, subdivision 2; 126.661, subdivision 5, and by adding a subdivision; 126.663, subdivision 2; 126.666, subdivision 2, and by adding subdivisions; 126.67, subdivision 2b; 126.70, subdivisions 1, 2, and 2a; 127.29, by adding a subdivision; 129C.10; 136D.27, subdivision 1; 136D.72, subdivision 1; 136D.74, subdivision 2; 136D.76, subdivision 2; 136D.87, subdivision 1; 141.25, subdivision 8; 141.26, subdivision 5; 145.926; 148.191, subdivision 2; 171.29, subdivision 2; 245A.03, subdivision 2; 260.015, subdivision 19; 268.08, subdivision 6; 275.06; 275.065, subdivisions 3, 5a, and 6; 275.125, subdivisions 4, 5, 5b, 5c, 8b, 11d; 298.28, subdivision 4; Laws 1989, chapter 329, article 6, section 53, as amended; proposing coding for new law in Minnesota Statutes, chapters 3; 120; 121; 123; 124; 125; 134; 373; 473; repealing Minnesota Statutes 1990, sections 3.865; 3.866; 120.011; 121.111; 122.531, subdivision 5; 123.351, subdivision 10; 123.706; 123.707; 123.744; 124.225, subdivisions 3, 4b, 7c, 8b, 8i, 8j; 124.252; 124.575; 124C.01, subdivision 2; 124C.41, subdivisions 6 and 7; 126.70, subdivisions 2 and 2a; 275.125, subdivision 8c; and Laws 1988, chapter 703, article 1, section 23, as amended; Laws

1989, chapter 293, section 82; Laws 1989, chapter 329, articles 4, section 40; 9, section 30; and 12, section 8; Laws 1990, chapter 562, article 6, section 36."

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 714, A bill for an act relating to housing; modifying procedures relating to rent escrow actions; modifying procedures relating to the tenant's loss of essential services; assigning tort liability to landlords for certain damages; adding manufactured homes to certain landlord-tenant provisions; modifying provisions relating to tenant remedy actions, retaliatory eviction proceedings, and receivership proceedings; charging court fees in unlawful detainer actions; creating a lead abatement program; modifying provisions relating to Minnesota housing finance agency low- and moderate-income housing programs; providing for an emergency mortgage and rental assistance pilot project; modifying certain receivership, assignment of rents and profits, and landlord and tenant provisions; modifying provisions relating to housing and redevelopment authorities; providing for the issuance of general obligation bonds for housing by the cities of Minneapolis and St. Paul; authorizing the city of Minneapolis to make small business loans; imposing a lead abatement fee on petroleum storage tanks; imposing a tax on wholesalers of paint and dedicating the revenue to lead abatement programs; modifying the property tax classification of certain residential real estate; excluding housing districts from the calculation of local government aid reductions; modifying the interest rate reduction program; changing the definition of mentally ill person; consolidating special needs housing programs; clarifying and amending biennial reporting requirement; authorizing new construction of accessible housing; authorizing off-reservation home improvement program; appropriating money; amending Minnesota Statutes 1990, sections 116C.04, by adding a subdivision; 268.362; 268.364, subdivision 4; 268.365, subdivision 2; 268.39; 272.02, subdivision 1; 273.11, subdivision 1, and by adding a subdivision; 273.124, subdivision 1; 273.13, subdivision 25; 273.1399, subdivision 1; 357.021, subdivision 2; 462A.03, subdivisions 10, 13, and 16; 462A.05, subdivisions 14, 20, and by adding subdivisions; 462A.08, subdivision 2; 462A.21, subdivisions 4k, 12a, 14, and by adding a subdivision; 462A.22, subdivision 9; 462A.222, subdivision 3; 462C.03, subdivision 10; 469.011, subdivision 4; 469.012, subdivision 1; 469.015, subdivisions 3, 4, and by adding a subdivision; 469.176, subdivision 4f; 474A.048, subdivision 2; 481.02, subdivision 3; 504.02; 504.18, subdivision 1; 504.185, subdivision 2; 504.20,

subdivisions 3, 4, 5, and 7; 504.27; 504.33, subdivisions 3, 5, and 7; 504.34, subdivisions 3, 5, and 6; 559.17, subdivision 2; 566.03, subdivision 1; 566.17, subdivisions 1, 2, and by adding a subdivision; 566.175, subdivision 6; 566.18, subdivision 9; 566.19, subdivision 2; 566.205, subdivisions 1, 3, and 4; 566.21, subdivision 2; 566.25; 566.29, subdivisions 2 and 4; 566.34, subdivision 2; and 576.01, subdivision 2; Laws 1974, chapter 285, section 4, as amended; Laws 1987, chapter 404, section 28, subdivision 1; Laws 1989, chapter 335, article 1, section 27, subdivision 1, as amended; proposing coding for new law in Minnesota Statutes, chapters 115C; 116K; 268; 273; 504; and 609; proposing coding for new law as Minnesota Statutes, chapter 297E; repealing Minnesota Statutes 1990, section 462A.05, subdivisions 28 and 29.

Reported the same back with the following amendments:

Page 7, line 36, after the second comma insert "if heating costs are paid directly by the lessee or licensee,"

Page 10, line 15, after "damages" insert "for personal injury"

Page 10, after line 26, insert:

"The provisions of this section do not limit any rights or remedies a tenant otherwise has under another statute or in contract or tort at common law."

Page 10, delete section 8

Pages 13 to 16, delete sections 3 and 4

Page 25, delete line 4, and insert "The commissioner may establish an 11-member advisory committee"

Page 33, line 13, delete "or other funding"

Page 33, line 14, delete "source"

Page 33, line 19, after "agency" insert ", in consultation with the department of health,"

Page 48, line 24, before "$55" insert "up to"

Page 48, line 30, after "are" insert "elected officials or"

Page 59, after line 8, insert:

"Sec. 3. Laws 1988, chapter 594, section 6, is amended to read:

Sec. 6. [SMALL BUSINESS LOANS.]

The city council or the agency may make or guarantee working capital loans in an aggregate principal amount not exceeding ~~$450,000~~ $2,000,000 outstanding at any time, subject to such terms and conditions as established by ordinance by the city, to expanding small businesses which are located in the city for the purpose of increasing the tax base and providing employment opportunities within the city. As used in this subdivision, the term "small business" has the meaning given it in Minnesota Statutes, section 645.445, subdivision 2. ~~This section expires June 30, 1991.~~"

Page 60, line 22, delete the first "3" and insert "4"

Page 60, line 24, after "3" insert "is effective on the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Minneapolis. Section 4"

Page 60, line 26, delete "4" and insert "5"

Page 60, line 31, delete "TAXES" and insert "FEES"

Page 61, after line 30, insert:

"ARTICLE 9

TAXES"

Page 82, line 29, delete "10" and insert "8"

Page 83, lines 7 and 18, delete "10" and insert "8"

Page 83, line 24, delete "11" and insert "9"

Page 84, line 21, delete "6" and insert "4"

Page 84, line 22, delete "7 and 8" and insert "5 and 6"

Page 84, lines 23 and 26, delete "9" and insert "7"

Page 84, line 27, delete "14" and insert "12"

Page 84, line 28, delete "9" and insert "10"

Page 93, line 41, delete "Section 4 is" and insert "Sections 4 and 5 are"

Renumber the sections in sequence

Amend the title as follows:

Page 1, delete line 6

Page 1, line 7, delete "provisions;"

Page 2, line 6, delete "subdivisions 1, 2,"

Page 2, line 7, delete "and"

Page 2, line 13, after the semicolon insert "Laws 1988, chapter 594, section 6;"

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 723, A bill for an act relating to transportation; establishing state transportation goals and requiring periodic revisions of the state transportation plan; providing for enforcement of law requiring stops at railroad grade crossings; providing for enhanced public information and education regarding grade crossing safety; directing a study of rail-highway grade crossings and requiring a report; authorizing the commissioner of transportation to make grants for the improvement of commercial navigation facilities; authorizing local units of government to advance funds for the completion of trunk highway projects; authorizing cities to impose street access charges on building permits; authorizing road authorities to enter into agreements for the construction, maintenance, and operation of toll roads and bridges; creating a transportation services fund and providing for its uses; specifying percentage of unrefunded motor fuel tax revenue that is attributable to use on forest roads; authorizing the commissioner of transportation to plan, acquire, construct and equip light rail transit facilities, and restricting authority of regional rail authorities; directing a study of highway corridors; extending and reconstituting the transportation study board and directing it to conduct certain studies; providing procedures related to assistance for transit systems; providing an opt-out transit service program; appropriating money; amending Minnesota Statutes 1990, sections 162.02, subdivision 3a; 162.09, subdivision 3a; 168.54, subdivisions 5 and 6; 169.09, subdivision 13; 169.26; 171.13, subdivision 1, and by adding a subdivision; 169.862; 170.23; 171.185; 171.26; 171.36; 173.13, subdivision 4; 173.231; 174.01; 174.03, subdivision 2, and by adding a subdivision; 219.402; 221.036, subdivision 14; 222.50; 296.16, subdivision 1a; 296.421, subdivision 8; 299D.03, subdivision 5; 398A.04, subdivision 8;

473.375, subdivisions 13 and 15; 473.377, subdivision 1; 473.388; 473.399, by adding a subdivision; 473.3993, subdivisions 2, 3, and by adding a subdivision; 473.3994; 473.3996; proposing coding for new law in Minnesota Statutes, chapters 3; 160; 161; 162; 174; 219; 221; 444; and 473; proposing coding for new law as Minnesota Statutes, chapter 457A; repealing Minnesota Statutes 1990, section 473.3994, subdivision 6; and Laws 1989, chapter 339, section 21.

Reported the same back with the following amendments:

Page 4, line 30, after "(b)" insert "The fact that a moving train approaching a railroad grade crossing is visible from the crossing is prima facie evidence that it is not safe to proceed.

(c)"

Delete page 4, line 35, to page 5, line 1

Page 5, line 2, delete "(a)"

Page 5, delete lines 6 to 15

Page 5, line 16, before "A" insert "(a)" and strike "person" and insert "driver" and strike "this section" and insert "subdivision 1"

Page 5, lines 17 to 24, delete the new language

Page 5, after line 24, insert:

"(b) The owner or, in the case of a leased vehicle, the lessee of a motor vehicle is guilty of a petty misdemeanor if a motor vehicle owned or leased by the person is operated in violation of subdivision 1. This paragraph does not apply to a lessor of a motor vehicle if the lessor keeps a record of the name and address of the lessee. This paragraph does not apply if the motor vehicle operator is prosecuted for violating subdivision 1. A violation of this paragraph does not constitute grounds for revocation or suspension of the owner's or lessee's driver's license."

Page 7, line 21, delete "fine" and insert "penalty"

Page 7, line 22, after the period insert "This penalty may be recovered in the manner provided in section 219.97, subdivision 5."

Page 14, line 18, delete "where" and insert "if"

Page 14, line 19, delete "has been" and insert "is" and before the period insert ", the design complies with the minimum state-aid standards applicable to the road, and the design is not grossly

negligent" and after the period insert "This subdivision does not preclude an action for damages arising from negligence in the construction, reconstruction, or maintenance of a park road."

Page 16, line 3, delete the comma

Page 16, line 4, delete "construction, and reconstruction"

Page 16, line 13, delete everything after "design"

Page 16, line 14, delete "reconstruction"

Page 17, line 6, after "route" insert ", constructed in accordance with the standards established by the commissioner under subdivision 1,"

Page 17, line 11, delete ", construction, or"

Page 17, line 12, delete "reconstruction" and before the period insert ", if the design standards comply with the standards established by the commissioner under subdivision 1" and after the period insert "This subdivision does not preclude an action for damages arising from negligence in the construction, reconstruction, or maintenance of a natural preservation route."

Amend the title as follows:

Page 1, line 13, delete everything after the semicolon

Page 1, delete line 14

Page 1, line 15, delete "permits;" and insert "providing for rustic roads and natural preservation routes;"

Page 1, line 33, after the second semicolon insert "171.13, subdivision 1, and by adding a subdivision;"

Page 1, line 36, insert "219.074, by adding a subdivision;"

Page 1, line 37, after "222.50" insert ", subdivision 7"

Page 1, line 44, delete "444;"

Page 2, line 1, before "and" insert "Laws 1988, chapter 603, section 6;"

With the recommendation that when so amended the bill pass and

be re-referred to the Committee on Local Government and Metropolitan Affairs.

The report was adopted.

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

H. F. No. 895, A bill for an act relating to commerce; providing that credit agreements need not be signed by the creditor in certain situations; amending Minnesota Statutes 1990, section 513.33, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 513.33, subdivision 1, is amended to read:

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

(1) "credit agreement" means an agreement to lend or forbear repayment of money, goods, or things in action, to otherwise extend credit, or to make any other financial accommodation;

(2) "creditor" means a person who extends credit under a credit agreement with a debtor; ~~and~~

(3) "debtor" means a person who obtains credit or seeks a credit agreement with a creditor or who owes money to a creditor; and

(4) "signed" has the meaning specified in section 336.1-201, paragraph (39).

Sec. 2. [APPLICATION.]

The intent of section 1 is to clarify the intent of the legislature in enacting section 513.33."

Delete the title and insert:

"A bill for an act relating to commerce; credit agreements; defining a term; clarifying the legislature's intent in enacting this statute; amending Minnesota Statutes 1990, section 513.33, subdivision 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. 927, A bill for an act relating to the environment; establishing maximum content levels of mercury in batteries; prohibiting certain batteries; amending Minnesota Statutes 1990, sections 115A.9155, subdivision 2; 325E.125, subdivision 2, and by adding a subdivision; and 325E.1251.

Reported the same back with the following amendments:

Page 1, line 16, after "each" insert "final"

Page 2, line 5, delete "toll-free" and delete "ultimate" and insert "final"

Page 2, line 6, delete the colon and insert "specific procedures to follow in returning the battery for recycling or proper disposal.

The manufacturer may include the telephone number and notice of return procedures on an invoice or other transaction document held by the purchaser. The manufacturer shall provide the telephone number to the commissioner of the agency."

Page 2, delete lines 7 to 10

Page 2, after line 18, insert:

"Sec. 2. [115A.9157] [RECHARGEABLE BATTERIES AND APPLIANCES.]

Subdivision 1. [DEFINITION.] For the purpose of this section "rechargeable battery" means a sealed nickel-cadmium battery, a sealed lead acid battery, or any other rechargeable battery that is not governed by section 115A.9155 or exempted by the commissioner.

Subd. 2. [PROHIBITION.] Effective August 1, 1991, a person may not place in mixed municipal solid waste a rechargeable battery, a rechargeable battery pack, or an appliance powered by rechargeable batteries or rechargeable battery pack, from which all batteries or battery packs have not been removed.

Subd. 3. [COLLECTION AND MANAGEMENT COSTS.] A manufacturer of rechargeable batteries or appliances powered by rechargeable batteries is responsible for the costs of collecting and managing waste rechargeable batteries and waste appliances to ensure that the batteries are not part of the solid waste stream.

Subd. 4. [PILOT PROJECTS.] By April 15, 1992, manufacturers whose rechargeable batteries or appliances powered by rechargeable batteries are sold in this state shall implement pilot projects for the collection and proper management of all rechargeable batteries and the participating manufacturers' appliances powered by rechargeable batteries. Manufacturers may act as a group or through a representative organization. The pilot projects must run for a minimum of 18 months and be designed to collect sufficient statewide data for the design and implementation of permanent collection and management programs that may be reasonably expected to collect at least 90 percent of waste rechargeable batteries and the participating manufacturers' appliances powered by rechargeable batteries that are generated in the state.

By December 1, 1991, the manufacturers or their representative organization shall submit plans for the projects to the legislative commission. At least every six months during the pilot projects the manufacturers shall submit progress reports to the commission. The commission shall review the plans and progress reports.

By November 1, 1993, the manufacturers or their representative organization shall report to the legislative commission the final results of the projects and plans for implementation of permanent programs. The commission shall review the final results and plans.

Subd. 5. [COLLECTION AND MANAGEMENT PROGRAMS.] By April 15, 1994, the manufacturers or their representative organization shall implement permanent programs, based on the results of the pilot projects required in subdivision 3, that may be reasonably expected to collect 90 percent of the waste rechargeable batteries and the participating manufacturers' appliances powered by rechargeable batteries that are generated in the state. The batteries and appliances collected must be recycled or otherwise managed or disposed of properly.

Subd. 6. [LIST OF PARTICIPANTS.] The manufacturers or their representative organization shall maintain a list of manufacturers participating in projects and programs and make the list available to retailers, distributors, governmental agencies and other interested persons.

Subd. 7. [CONTRACTS.] A manufacturer or a representative organization of manufacturers may contract with the state or a political subdivision to provide collection services under this section. The manufacturer or organization shall fully reimburse the state or

political subdivision for the value of any services rendered under this subdivision.

Subd. 8. [ANTICOMPETITIVE CONDUCT.] A manufacturer or organization of manufacturers and its officers, members, employees, and agents who participate in projects or programs to collect and properly manage waste rechargeable batteries or appliances powered by rechargeable batteries are authorized to engage in anticompetitive conduct to the extent necessary to plan and implement the collection and management projects and programs required under this section. An organization, entity, or other person governed by this subdivision is immune from liability under state law relating to antitrust, restraint of trade, unfair trade practices, and other regulation of trade or commerce for activities related to the collection and management of batteries and appliances required under this section."

Page 2, line 19, delete "2" and insert "3"

Page 3, line 8, after "battery" insert ", except an alkaline manganese button cell,"

Page 3, line 11, delete "3" and insert "4"

Page 3, line 15, after the first comma insert "zinc carbon,"

Page 3, line 21, after "add" insert "additional"

Page 3, after line 22, insert:

"Sec. 5. Minnesota Statutes 1990, section 325E.125, is amended by adding a subdivision to read:

Subd. 4. [RECHARGEABLE BATTERIES AND APPLIANCES; NOTICE.] (a) A person who sells rechargeable batteries or appliances powered by rechargeable batteries governed by section 115A.9157 at retail shall post the notice in paragraph (b) in a manner clearly visible to a consumer making purchasing decisions.

(b) The notice must be at least 4 inches by 6 inches and state:

"NOTICE: USED RECHARGEABLE BATTERIES AND APPLIANCES

It is illegal to put a rechargeable battery or rechargeable appliance in the garbage. These products contain toxic heavy metals. State law requires manufacturers of these products to establish a statewide consumer collection system by April 15, 1994."

Sec. 6. Minnesota Statutes 1990, section 325E.125, is amended by adding a subdivision to read:

Subd. 5. [PROHIBITIONS.] A manufacturer of rechargeable batteries or appliances powered by rechargeable batteries that does not participate in the pilot projects and programs required in section 115A.9157 may not sell, distribute, or offer for sale in this state rechargeable batteries or appliances powered by rechargeable batteries after January 1, 1992.

After January 1, 1992, a retailer or distributor may not purchase rechargeable batteries or appliances powered by rechargeable batteries made by any person other than a manufacturer that participates in the projects and programs required under section 115A.9157."

Page 3, line 23, delete "4" and insert "7"

Page 3, line 35, delete "5" and insert "8"

Page 3, line 36, delete "2" and insert "3"

Page 4, lines 4, 6, and 8, delete "2" and insert "3"

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "prohibiting the disposal of rechargeable batteries in mixed municipal solid waste; requiring a notice to consumers;"

Page 1, line 6, delete "a subdivision" and insert "subdivisions"

Page 1, line 7, before the period insert "; proposing coding for new law in Minnesota Statutes, chapter 115A"

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

The report was adopted.

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

H. F. No. 1108, A bill for an act relating to human services; extending the exemption from the Minnesota supplemental aid rate cap to allow payments at the case mix rate for certain medical assistance certified boarding care facilities and nursing homes

declared institutions for mental disease; amending Minnesota Statutes 1990, section 256I.05, subdivision 2.

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1141, A bill for an act relating to public safety; requiring tenants to covenant not to allow any controlled substances on rental property; allowing the closing of an alleged disorderly house during pretrial release of owner; lowering the threshold amount of seized controlled substance necessary to warrant unlawful detainer action; providing that certain weapons offenses and controlled substance seizures and arrests may form the basis for a nuisance action; amending Minnesota Statutes 1990, sections 504.181, subdivision 1; 609.33, by adding a subdivision; 609.5317, subdivision 4; 617.80, subdivision 8; and 617.81, subdivisions 2 and 3, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 504.181, subdivision 1, is amended to read:

Subdivision 1. [COVENANT NOT TO ~~SELL~~ ~~DRUGS~~ ~~OR~~ ALLOW ~~DRUG~~ ~~SALES~~ DRUGS.] In every lease or license of residential premises, whether in writing or parol, the lessee or licensee covenants that:

(1) the lessee or licensee will not unlawfully allow controlled substances in ~~the~~ those premises~~,~~; and

(2) the common area, and curtilage will not be used by the lessee or licensee or others acting under his or her control to manufacture, sell, give away, barter, deliver, exchange, distribute, or possess ~~with intent to manufacture, sell, give away, barter, deliver, exchange, or distribute~~ a controlled substance in violation of chapter 152.

The covenant is not violated when a person other than the lessee or licensee possesses or allows controlled substances in the premises, common area, or curtilage, unless the tenant knew or had reason to know of that activity.

Sec. 2. Minnesota Statutes 1990, section 566.09, is amended to read:

566.09 [JUDGMENT; FINE; EXECUTION.]

Subdivision 1. [GENERAL.] If the court or jury finds for the plaintiff, the court shall immediately enter judgment that the plaintiff have restitution of the premises and tax the costs for the plaintiff. The court shall issue execution in favor of the plaintiff for the costs and also immediately issue a writ of restitution. Upon a showing by the defendant that immediate restitution of the premises would work a substantial hardship upon the defendant or the defendant's family, the court shall stay the writ of restitution for a reasonable period, not to exceed seven days. If the court or jury finds for the defendant, the court shall enter judgment for the defendant, tax the costs against the plaintiff, and issue execution therefor.

Subd. 2. [REAL PROPERTY; SEIZURES.] Notwithstanding subdivision 1, if the court or jury finds for the plaintiff in an action brought under section 566.02 as required by section 609.5317, subdivision 1, the court shall immediately enter judgment that the plaintiff shall have restitution of the premises and tax the costs for the plaintiff. the court shall issue execution in favor of the plaintiff for the costs and also shall immediately issue a writ of restitution. The court shall not stay the writ of restitution. If the court or jury finds for the defendant, the court shall enter judgment for the defendant, tax the costs against the plaintiff, and issue execution therefor.

Sec. 3. Minnesota Statutes 1990, section 609.33, is amended by adding a subdivision to read:

Subd. 6. [PRETRIAL RELEASE.] When a person is charged under this section with owning or leasing a disorderly house, the court may require as a condition of pretrial release that the defendant bring an unlawful detainer action against a lessee who has violated the covenant not to allow drugs established by section 504.181.

Sec. 4. Minnesota Statutes 1990, section 609.5317, subdivision 4, is amended to read:

Subd. 4. [LIMITATIONS.] This section shall not apply if the retail value of the ~~contraband or~~ controlled substance is less than ~~the amount specified in section 609.5311, subdivision 3, paragraph (b)~~ $100, but this section does not subject real property to forfeiture under section 609.5311 unless the retail value of the controlled substance is: (1) $1,000 or more; or (2) there have been two previous controlled substance seizures involving the same tenant.

Sec. 5. Minnesota Statutes 1990, section 617.80, subdivision 8, is amended to read:

Subd. 8. [INTERESTED PARTY.] "Interested party" for purposes of sections 617.80 to 617.87 means any known lessee~~,~~ or tenant~~, or occupant~~ of a building or affected portion of a building and any known agent of an owner, lessee~~,~~ or tenant~~, or occupant~~.

Sec. 6. Minnesota Statutes 1990, section 617.81, subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING A NUISANCE.] (a) For purposes of sections 617.80 to 617.87 a public nuisance exists upon proof of three or more misdemeanor convictions or two or more convictions, of which at least one is a gross misdemeanor or felony, within the previous two years for:

(1) acts of prostitution or prostitution-related offenses committed within the building;

(2) acts of gambling or gambling-related offenses committed within the building;

(3) keeping or permitting a disorderly house within the building;

(4) unlawful sale or possession of controlled substances committed within the building;

(5) unlicensed sales of alcoholic beverages committed within the building in violation of section 340A.401; ~~or~~

(6) unlawful sales or gifts of alcoholic beverages by an unlicensed person committed within the building in violation of section 340A.503, subdivision 2, clause (1)~~,~~; or

(7) unlawful use or possession of a firearm in violation of section 609.66, subdivision 1a, 609.67, or 624.713, committed within the building.

(b) A second or subsequent conviction under paragraph (a) may be used to prove the existence of a nuisance if the conduct on which the second or subsequent conviction is based occurred within two years following the first conviction, regardless of the date of the conviction for the second or subsequent offense.

Sec. 7. Minnesota Statutes 1990, section 617.81, is amended by adding a subdivision to read:

Subd. 2a. [SEIZURES AND ARRESTS CONSTITUTING A NUISANCE.] For purposes of sections 617.80 to 617.87, a public nui-

sance exists upon proof of three qualifying events that occurred on different days within the previous two months. For purposes of this section, "qualifying event" means a lawful seizure of controlled substances within the building or a lawful arrest within the building for the possession or sale of controlled substances within the building or on the building's curtilage.

Sec. 8. Minnesota Statutes 1990, section 617.81, subdivision 3, is amended to read:

Subd. 3. [NOTICE.] Notice of a conviction described in subdivision 2, or of a qualifying event described in subdivision 2a, must be mailed by the court administrator to the owner of the building where the offense was committed and all other interested parties and must be filed with the county recorder's office. This notice is considered sufficient to inform all interested parties that the building or a portion of it is being used for purposes constituting a public nuisance."

Delete the title and insert:

"A bill for an act relating to public safety; requiring tenants to covenant not to allow any controlled substances on rental property; allowing the closing of an alleged disorderly house during pretrial release of owner; lowering the threshold amount of seized controlled substance necessary to warrant unlawful detainer action; providing that certain weapons offenses and controlled substance seizures and arrests may form the basis for a nuisance action; amending Minnesota Statutes 1990, sections 504.181, subdivision 1; 566.09; 609.33, by adding a subdivision; 609.5317, subdivision 4; 617.80, subdivision 8; and 617.81, subdivisions 2 and 3, and by adding a subdivision."

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. 1178, A bill for an act relating to financial institutions; permitting interstate banking with additional reciprocating states; amending Minnesota Statutes 1990, section 48.92, subdivision 7.

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. 1280, A bill for an act relating to the environment; responsible person for removal and remediation of hazardous waste; providing that the state, an agency of the state, or a political subdivision that acquires property through eminent domain or through negotiated purchase following the filing of eminent domain petition, or any person acquiring from the condemning authority, is not liable as a responsible person solely because of the acquisition; providing that no person involuntarily acquiring property shall be liable as a responsible person; amending Minnesota Statutes 1990, section 115B.03, by adding subdivisions.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 115B.03, is amended by adding a subdivision to read:

Subd. 5. [EMINENT DOMAIN.] (a) The state, an agency of the state, or a political subdivision that acquires property through exercise of the power of eminent domain, or through negotiated purchase after filing a petition for the taking of the property through eminent domain, is not a responsible person under this section solely as a result of the acquisition of the property.

(b) A person who acquires property from the state, an agency of the state, or a political subdivision, is not a responsible person under this section solely as a result of the acquisition of property if the property was acquired by the state, agency, or political subdivision through exercise of the power of eminent domain or by negotiated purchase after filing a petition for the taking of the property through eminent domain.

Sec. 2. Minnesota Statutes 1990, section 115B.03, is amended by adding a subdivision to read:

Subd. 6. [MORTGAGES.] (a) A mortgagee is not a responsible person under this section solely because the mortgagee becomes an owner of real property through foreclosure of the mortgage or by receipt of the deed to the mortgaged property in lieu of foreclosure.

(b) A mortgagee of real property where a facility is located is not an operator of the facility for the purpose of this section solely because the mortgagee has a capacity to influence the operation of the facility to protect its security interest in the real property."

Delete the title and insert:

"A bill for an act relating to the environment; clarifying that certain persons who own or have the capacity to influence operation of property are not responsible persons under the environmental response and liability act solely because of ownership or the capacity to influence operation; amending Minnesota Statutes 1990, section 115B.03, by adding subdivisions."

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

The report was adopted.

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

H. F. No. 1288, A bill for an act relating to water and wastewater treatment; expanding the authority of municipalities to contract for private design and construction of water and wastewater treatment facilities; amending Minnesota Statutes 1990, section 471.371, subdivisions 2, 4, and 5; repealing Minnesota Statutes 1990, section 471.371, subdivisions 1 and 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 471.371, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZATION OF DESIGN AND CONSTRUCT CONTRACTS.] Notwithstanding the provisions of any law or charter to the contrary, any municipality authorized by law to enter into a contract for the design and/or construction of water or wastewater treatment ~~works~~ facilities may advertise for sealed bids for the design and construction thereof under a single contract. Prior to such advertisement the municipality shall prepare ~~contract~~ or cause to be prepared documents which shall serve as a basis for the comparison of bids and any contract to be entered into. These documents shall be prepared by a professional engineer in sufficient

detail, including hydraulic flow and organic loading calculations, design capacity, effluent limits, design life, and the treatment alternatives for the wastewater treatment facility, for the bidder to describe the probable cost, scope of work, equipment and materials of construction~~,~~; and the documents shall include performance standards for the construction and ~~supervisional~~ performance standards for the operation of the ~~facilities~~ facility which must be met for specified conditions and time periods, prior to final acceptance of the ~~facilities~~ facility by the municipality ~~and by the Minnesota pollution control agency~~. The ~~contract~~ documents shall require the bidder to furnish estimates of the annual operation and maintenance costs of the facility, conceptual plans and specifications and any other information deemed relevant for contract award.

In awarding the contract, the municipality shall take into consideration the performance guarantee, completion date, construction cost, capacity of the facility, design life estimated annual operation and maintenance cost, and other relevant *factors*.

The provisions of any law which require the Minnesota pollution control agency to approve all plans and specifications on a municipal or regional ~~waste~~ water or wastewater treatment facility prior to calling for construction bids shall not be applicable to contracts authorized by this section. However, after bids have been received and evaluated by the governing body ~~and~~, the best bid determined, and the contract awarded, a municipality shall not ~~award a contract until the award is~~, by the terms of the awarded contract, allow construction to commence until all legal requirements are met and the plans and specifications for construction of a wastewater treatment facility have been approved by the Minnesota pollution control agency~~. Nothing in this section shall prohibit the Minnesota pollution control agency from giving consideration to any or all bids prior to the determination by the governing body of the best bid, provided that the Minnesota pollution control agency or the municipality request that such consideration be given~~ or, in the case of a water treatment facility, the plans and specifications for construction have been approved by the Minnesota department of health.

Upon award of the contract the municipality shall require the successful bidder to furnish detailed plans and specifications and *shall provide for termination of the contract and may provide for* penalties if such plans and specifications are insufficient to permit the municipality to satisfy the requirements of any federal or state ~~grant~~ permit.

Sec. 2. Minnesota Statutes 1990, section 471.371, subdivision 4, is amended to read:

Subd. 4. [DEFINITIONS.] As used in this section, "municipality" has the meaning given to it in section 471.345; "contract" includes not only construction work but also all necessary design services,

including process and mechanical equipment, provisions for the start-up of the new facility, performance guarantee, and the other necessary and related items to make an operable plant; and ~~"treatment works" has the meaning given to it in section 212, title II, of the Federal Water Pollution Control Act Amendments of 1972~~ "facility" or "facilities" shall, in addition to the treatment facility, include collection and distribution systems.

Sec. 3. Minnesota Statutes 1990, section 471.371, subdivision 5, is amended to read:

Subd. 5. [~~BID~~ CONTRACT SECURITY AND INSURANCE.] Each ~~design construct bid submitted shall include a bid bond, labor and materials bond and shall conform with appropriate executive orders related to requirements for the construction of wastewater treatment facilities under the construction grant program of the Federal Water Pollution Control Act and insurance as specified to provide for uniform and equitable bid review procedures~~ awarded contract:

(1) shall require a payment and performance bond for the construction portion of the contract;

(2) shall require the successful bidder to guarantee the performance of the facility to the level required by a permit for the operation of the facility, for 12 months after the date operation begins; and

(3) may allow construction progress payments by the municipality to the successful bidder.

Sec. 4. [REPEALER.]

Minnesota Statutes 1990, section 471.371, subdivisions 1 and 6, are repealed."

Delete the title and insert:

"A bill for an act relating to water and wastewater treatment; expanding the authority of municipalities to contract for private design and construction of water and wastewater treatment facilities; amending Minnesota Statutes 1990, section 471.371, subdivisions 2, 4, and 5; repealing Minnesota Statutes 1990, section 471.371, subdivisions 1 and 6."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1332, A bill for an act relating to human services; authorizing the commissioner of human services to waive the requirement that emergency mental health services be provided by a provider other than the provider of fire and public safety emergency services; establishing conditions for a waiver; amending Minnesota Statutes 1990, sections 245.469, subdivision 2; and 245.4879, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 245.469, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC REQUIREMENTS.] (a) The county board shall require that all service providers of emergency services to adults with mental illness provide immediate direct access to a mental health professional 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 until January 1, 1991, a designated person with training in human services who receives clinical supervision from a mental health professional.

(b) The commissioner may waive the requirement in paragraph (a) that the evening, weekend, and holiday service be provided by a mental health professional or mental health practitioner after January 1, 1991, if the county documents that:

(1) mental health professionals or mental health practitioners are unavailable to provide this service;

(2) services are provided by a designated person with training in human services who receives clinical supervision from a mental health professional; and

(3) the service provider is not also the provider of fire and public safety emergency services.

(c) The commissioner may waive the requirement in paragraph (b), clause (3), that the evening, weekend, and holiday service not be provided by the provider of fire and public safety emergency services if:

(1) every person who will be providing the first telephone contact

has received at least eight hours of training on emergency mental health services reviewed by the state advisory council on mental health and then approved by the commissioner;

(2) every person who will be providing the first telephone contact will annually receive at least four hours of continued training on emergency mental health services reviewed by the state advisory council on mental health and then approved by the commissioner;

(3) the local social service agency has provided public education about available emergency mental health services and can assure potential users of emergency services that their calls will be handled appropriately;

(4) the local social service agency agrees to provide the commissioner with accurate data on the number of emergency mental health service calls received;

(5) the local social service agency agrees to monitor the frequency and quality of emergency services; and

(6) the local social service agency describes how it will comply with paragraph (d).

(d) Whenever emergency service during nonbusiness hours is provided by anyone other than a mental health professional, a mental health professional must be available on call for an emergency assessment and crisis intervention services, and must be available for at least telephone consultation within 30 minutes.

Sec. 2. Minnesota Statutes 1990, section 245.4879, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC REQUIREMENTS.] (a) The county board shall require that all service providers of emergency services to the child with an emotional disturbance provide immediate direct access to a mental health professional 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 until January 1, 1991, a designated person with training in human services who receives clinical supervision from a mental health professional.

(b) The commissioner may waive the requirement in paragraph (a) that the evening, weekend, and holiday service be provided by a mental health professional or mental health practitioner after January 1, 1991, if the county documents that:

(1) mental health professionals or mental health practitioners are unavailable to provide this service;

(2) services are provided by a designated person with training in human services who receives clinical supervision from a mental health professional; and

(3) the service provider is not also the provider of fire and public safety emergency services.

(c) The commissioner may waive the requirement in paragraph (b), clause (3), that the evening, weekend, and holiday service not be provided by the provider of fire and public safety emergency services if:

(1) every person who will be providing the first telephone contact has received at least eight hours of training on emergency mental health services reviewed by the state advisory council on mental health and then approved by the commissioner;

(2) every person who will be providing the first telephone contact will annually receive at least four hours of continued training on emergency mental health services reviewed by the state advisory council on mental health and then approved by the commissioner;

(3) the local social service agency has provided public education about available emergency mental health services and can assure potential users of emergency services that their calls will be handled appropriately;

(4) the local social service agency agrees to provide the commissioner with accurate data on the number of emergency mental health service calls received;

(5) the local social service agency agrees to monitor the frequency and quality of emergency services; and

(6) the local social service agency describes how it will comply with paragraph (d).

(d) When emergency service during nonbusiness hours is provided by anyone other than a mental health professional, a mental health professional must be available on call for an emergency assessment and crisis intervention services, and must be available for at least telephone consultation within 30 minutes."

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1377, A bill for an act relating to the city of Richfield; authorizing the city to advance money to the commissioner of transportation to expedite construction of a frontage road within the city; authorizing an agreement between the commissioner and the city; authorizing the city to issue bonds and requiring the commissioner to pay interest on the bonds up to a certain amount.

Reported the same back with the following amendments:

Page 1, line 20, after the period insert "Before entering into the contract, the project must be scheduled in the commissioner's work program and must meet state environmental requirements."

Page 2, line 2, delete "the commissioner" and insert "if it is demonstrated that the construction cost of a remote frontage road is less than the construction cost of a frontage road immediately adjacent to I-494, the commissioner may authorize payment in addition to the principal amount but not to exceed 100 percent of the project cost including interest."

Page 2, delete lines 3 to 5

Page 2, line 6, delete "highway I-494."

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

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1457, A bill for an act relating to local government; permitting the city of Biwabik and the town of White to establish a joint east range economic development authority.

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

The report was adopted.

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

H. F. No. 1462, A bill for an act relating to health; providing clarification of various laws relating to public health issues; providing penalties; amending Minnesota Statutes 1990, sections 115.71, subdivision 9, and by adding a subdivision; 145.43, subdivision 1a; 153A.15, by adding a subdivision; 153A.16; 153A.17; and 268.12, subdivision 12; proposing coding for new law in Minnesota Statutes, chapters 144; 147; and 176; repealing Minnesota Statutes 1990, sections 115.71, subdivision 7; 145.34; and 145.35.

Reported the same back with the following amendments:

Page 2, line 1, delete "176.233" and insert "176.234"

Page 4, after line 25, insert:

"Sec. 5. Minnesota Statutes 1990, section 144.698, subdivision 1, is amended to read:

Subdivision 1. [YEARLY REPORTS.] Each hospital and each outpatient surgical center, which has not filed the financial information required by this section with a voluntary, nonprofit reporting organization pursuant to section 144.702, shall file annually with the commissioner of health after the close of the fiscal year:

(1) a balance sheet detailing the assets, liabilities, and net worth of the hospital;

(2) a detailed statement of income and expenses;

(3) a copy of its most recent cost report, if any, filed pursuant to requirements of Title XVIII of the United States Social Security Act;

(4) a copy of all changes to articles of incorporation or bylaws;

(5) information on services provided to benefit the community, including services provided at no cost or for a reduced fee to patients unable to pay, teaching and research activities, or other community or charitable activities;

(6) information required on the revenue and expense report form set in effect on July 1, 1989, or as amended by the commissioner in rule; and

(7) other information required by the commissioner in rule."

Pages 6 and 7, delete section 8 and insert:

"Sec. 8. Minnesota Statutes 1990, section 153A.15, subdivision 4, is amended to read:

Subd. 4. [~~PENALTY~~ PENALTIES.] A person violating sections 153A.13 to 153A.16 is guilty of a misdemeanor. The commissioner may impose an automatic civil penalty equal to one-fourth the renewal fee on each hearing instrument seller who fails to renew the permit required in section 153A.14 by the renewal deadline established by the commissioner in rule."

Page 10, line 34, delete "and 145.35" and insert "145.35; and 153A.16"

Page 10, after line 34, insert:

"Sec. 15. [EFFECTIVE DATE.]

Section 8, imposing an automatic civil penalty for failure to renew permits, is effective the day following final enactment. The repeal of Minnesota Statutes 1990, section 153A.16, is effective the day following final enactment."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

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

The report was adopted.

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

H. F. No. 1467, A bill for an act relating to insurance; prohibiting certain agreements; amending Minnesota Statutes 1990, section 60A.08, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 60A.08, is amended by adding a subdivision to read:

Subd. 14. [AGREEMENT TO RESCIND POLICY.] (a) If the insurer has knowledge of any claims against the insured that would remain unsatisfied due to the financial condition of the insured, the insurer and the insured may not agree to rescind the policy.

(b) Before entering into an agreement to rescind a policy, an insurer must make a good faith effort to ascertain: (1) the existence and identity of all claims against the policy; and (2) the financial condition of the insured.

(c) An agreement made in violation of this section is void and unenforceable.

Sec. 2. Minnesota Statutes 1990, section 72A.201, subdivision 6, is amended to read:

Subd. 6. [STANDARDS FOR AUTOMOBILE INSURANCE CLAIMS HANDLING, SETTLEMENT OFFERS, AND AGREEMENTS.] In addition to the acts specified in subdivisions 4, 5, 7, 8, and 9, the following acts by an insurer, adjuster, or a self-insured or self-insurance administrator constitute unfair settlement practices:

(1) if an automobile insurance policy provides for the adjustment and settlement of an automobile total loss on the basis of actual cash value or replacement with like kind and quality and the insured is not an automobile dealer, failing to offer one of the following methods of settlement:

(a) comparable and available replacement automobile, with all applicable taxes, license fees, at least pro rata for the unexpired term of the replaced automobile's license, and other fees incident to the transfer or evidence of ownership of the automobile paid, at no cost to the insured other than the deductible amount as provided in the policy;

(b) a cash settlement based upon the actual cost of purchase of a comparable automobile, including all applicable taxes, license fees, at least pro rata for the unexpired term of the replaced automobile's license, and other fees incident to transfer of evidence of ownership, less the deductible amount as provided in the policy. The costs must be determined by:

(i) the cost of a comparable automobile, adjusted for mileage, condition, and options, in the local market area of the insured, if such an automobile is available in that area; or

(ii) one of two or more quotations obtained from two or more qualified sources located within the local market area when a comparable automobile is not available in the local market area. The

insured shall be provided the information contained in all quotations prior to settlement; or

(iii) any settlement or offer of settlement which deviates from the procedure above must be documented and justified in detail. The basis for the settlement or offer of settlement must be explained to the insured;

(2) if an automobile insurance policy provides for the adjustment and settlement of an automobile partial loss on the basis of repair or replacement with like kind and quality and the insured is not an automobile dealer, failing to offer one of the following methods of settlement:

(a) to assume all costs, including reasonable towing costs, for the satisfactory repair of the motor vehicle. Satisfactory repair includes repair of both obvious and hidden damage as caused by the claim incident. This assumption of cost may be reduced by applicable policy provision; or

(b) to offer a cash settlement sufficient to pay for satisfactory repair of the vehicle. Satisfactory repair includes repair of obvious and hidden damage caused by the claim incident, and includes reasonable towing costs;

(3) regardless of whether the loss was total or partial, in the event that a damaged vehicle of an insured cannot be safely driven, failing to exercise the right to inspect automobile damage prior to repair within five business days following receipt of notification of claim. In other cases the inspection must be made in 15 days;

(4) regardless of whether the loss was total or partial, requiring unreasonable travel of a claimant or insured to inspect a replacement automobile, to obtain a repair estimate, to allow an insurer to inspect a repair estimate, to allow an insurer to inspect repairs made pursuant to policy requirements, or to have the automobile repaired;

(5) regardless of whether the loss was total or partial, if loss of use coverage exists under the insurance policy, failing to notify an insured at the time of the insurer's acknowledgment of claim, or sooner if inquiry is made, of the fact of the coverage, including the policy terms and conditions affecting the coverage and the manner in which the insured can apply for this coverage;

(6) regardless of whether the loss was total or partial, failing to include the insured's deductible in the insurer's demands under its subrogation rights. Subrogation recovery must be shared at least on a proportionate basis with the insured, unless the deductible amount has been otherwise recovered by the insured, except that when an insurer is recovering directly from an uninsured third party

by means of installments, the insured must receive the full deductible share as soon as that amount is collected and before any part of the total recovery is applied to any other use. No deduction for expenses may be made from the deductible recovery unless an attorney is retained to collect the recovery, in which case deduction may be made only for a pro rata share of the cost of retaining the attorney;

(7) requiring as a condition of payment of a claim that repairs to any damaged vehicle must be made by a particular contractor or repair shop or that parts, other than window glass, must be replaced with parts other than original equipment parts;

(8) where liability is reasonably clear, failing to inform the claimant in an automobile property damage liability claim that the claimant may have a claim for loss of use of the vehicle;

(9) failing to make a good faith assignment of comparative negligence percentages in ascertaining the issue of liability;

(10) failing to pay any interest required by statute on overdue payment for an automobile personal injury protection claim;

(11) if an automobile insurance policy contains either or both of the time limitation provisions as permitted by section 65B.55, subdivisions 1 and 2, failing to notify the insured in writing of those limitations at least 60 days prior to the expiration of that time limitation;

(12) if an insurer chooses to have an insured examined as permitted by section 65B.56, subdivision 1, failing to notify the insured of all of the insured's rights and obligations under that statute, including the right to request, in writing, and to receive a copy of the report of the examination;

(13) failing to provide, to an insured who has submitted a claim for benefits described in section 65B.44, a complete copy of the insurer's claim file on the insured, excluding internal company memoranda, all materials that relate to any insurance fraud investigation, materials that constitute attorney work-product or that qualify for the attorney-client privilege, and medical reviews that are subject to section 145.64, within ten business days of receiving a written request from the insured. The insurer may charge the insured a reasonable copying fee. This clause supersedes any inconsistent provisions of sections 72A.49 to 72A.505."

Delete the title and insert:

"A bill for an act relating to insurance; prohibiting certain agreements; requiring that insurers provide copies of claim infor-

mation for certain auto claims; amending Minnesota Statutes 1990, sections 60A.08, by adding a subdivision; and 72A.201, subdivision 6."

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1515, A bill for an act relating to Ramsey county; creating a Ramsey county consolidation study commission; setting its duties; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [RAMSEY COUNTY LOCAL GOVERNMENT SERVICES STUDY.]

A Ramsey county local government services study commission is established to study cooperation between local governments and the possible sharing and consolidation of services, structures, and functions. The commission shall explore cooperative ventures which would be mutually beneficial to the communities involved, review and recommend ways to eliminate overlap and duplication, design programs that would improve services and reduce costs, and develop a systematic process for cooperating, restructuring, sharing, or consolidating. The commission shall report on the advantages and disadvantages of sharing, cooperating, restructuring, or consolidating, with attention to:

(a) citizen participation in government;

(b) efficiency and effectiveness of the provision of public service;

(c) taxation and other public finance matters;

(d) public employees;

(e) structure of government;

(f) possible public economies;

(g) the historic identity of the community;

(h) economic development;

(i) social development;

(j) environment; and

(k) other significant factors.

The commission shall report and make recommendations to the local government units in Ramsey county before December 15, 1991. The elected councils and boards of the local government units affected by any recommendation shall indicate, by resolution, their response to the commission's recommendations before January 15, 1992. The commission's recommendations and the local government units' responses shall be presented to the members of the Ramsey county legislative delegation and to the legislature before February 1, 1992. The commission may not adopt any recommendation without a 60 percent affirmative vote of the commission members voting on the issue.

The commission may examine consolidation, cooperation, restructuring, or sharing of any services, groups of services, or local government structures as the commission determines except that specific examination and recommendation shall be made in regard to:

(1) the city and county health departments;

(2) city and county attorney's functions as they relate to criminal law;

(3) city and county libraries;

(4) public works; and

(5) police and sheriff communications, crime lab and investigative functions.

The commission shall be 25 residents of, or persons whose principal place of business is located in, Ramsey county selected as follows:

(1) two members of the county board who reside in the city of St. Paul, selected by the county board;

(2) two members of the county board who reside in the county but not in the city of St. Paul, selected by the county board;

(3) three members selected by the St. Paul city council from among the mayor and city council members;

(4) three members selected jointly by the city councils and town boards of the cities and towns in the county, other than St. Paul, from among their mayors and members;

(5) one member of the school board of independent school district No. 625, selected by the board;

(6) one member of the school boards of other school districts operating in Ramsey county selected jointly by the board members of the several districts;

(7) six members of the public who are not public employees and do not hold public office, selected by the members of the legislature who represent the city of St. Paul and the members serving under clauses (1), (3), and (5);

(8) six members of the public who are not public employees and do not hold public office, selected by the members of the legislature who represent Ramsey county outside the city of St. Paul and the members serving under clauses (2), (4), and (6); and

(9) a chair selected by the other members of the commission who is not an elected official or public employee and who is not one of the above members of the commission.

The commission shall be assisted by a staff committee whose members shall consist of the city managers and chief of staff from the communities within Ramsey county, the Ramsey county executive director, and professional staff of these governmental units. This committee shall provide technical assistance to the commission. The committee may request the assistance of any other public or private agency or entity.

Members of the commission and the committee shall serve without compensation other than expenses that would be reimbursed to them by the units of government which they represent. The commission may accept gifts, grants, or donations from public and private entities to assist with the costs of its work. A gift, grant, or donation is not subject to Minnesota Statutes, chapter 10A, or other law or rule regulating lobbying expenses.

Sec. 2. [EFFECTIVE DATE.]

This act takes effect the day after final enactment."

Delete the title and insert:

"A bill for an act relating to Ramsey county; creating a Ramsey county local government cooperation and consolidation study commission; setting its duties."

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:

H. F. No. 1613, A bill for an act relating to commerce; removing or modifying certain bond requirements; amending Minnesota Statutes 1990, sections 6.26; 10.38; 46.08, subdivision 1; 84.01, subdivision 4; 115A.06, subdivision 12; 116.03, subdivision 4; 233.08; 234.06; 241.08, subdivision 1; 246.15, subdivision 1; 257.05, subdivision 1; 280.27; 281.38; 299C.08; 299D.01, subdivision 4; 299D.03, subdivision 1; 340A.316; 375.03; 386.06; 388.01; 390.05; 398.10; 473.375, subdivision 5; 480.09, subdivision 2; 480.11, subdivision 1; and 488A.20, subdivision 2; repealing Minnesota Statutes 1990, sections 60B.08; 84.081, subdivision 2; 160.24, subdivision 5; 166.04; 196.02, subdivision 2; 234.07; 246.03; 340A.302, subdivision 4; 383A.20, subdivision 8; and 514.52.

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. 1635, A bill for an act relating to waste management; requiring counties to prepare and amend solid waste management plans; requiring counties and solid waste facilities to develop and implement problem materials management plans; prohibiting issuance and renewal of certain permit if plans are not developed and implemented; amending Minnesota Statutes 1990, sections 115A.03, subdivision 24a; 115A.45; 115A.46, subdivisions 1 and 2; 115A.956; 115A.96, subdivision 6; and 116.07, subdivisions 4j and 4k.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 115A.03, subdivision 24a, is amended to read:

Subd. 24a. [PROBLEM MATERIAL.] "Problem material" means a material that, when it is processed or disposed of with mixed municipal solid waste, contributes to one or more of the following results:

(1) the release of a hazardous substance, or pollutant or contaminant, as defined in section 115B.02, subdivisions 8, 13, and 15;

(2) pollution of water as defined in section 115.01, subdivision 5;

(3) air pollution as defined in section 116.06, subdivision 3; or

(4) a significant threat to the safe or efficient operation of a solid waste ~~processing~~ facility.

Sec. 2. Minnesota Statutes 1990, section 115A.46, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Each county shall prepare a solid waste management plan. 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 office may require consistent with the purposes of sections 115A.42 to 115A.46. Political subdivisions preparing plans under ~~sections 115A.42 to 115A.46~~ this section shall consult with persons presently providing solid waste collection, processing, and disposal services. Plans ~~shall~~ must be ~~approved by~~ submitted to the ~~office~~ director, or the metropolitan council pursuant to section 473.803, for approval. After initial approval, each plan ~~shall~~ must be updated and submitted for reapproval every five years ~~and revised~~. The plan must be amended as necessary ~~for further approval~~ so that it is not inconsistent with state law.

Sec. 3. Minnesota Statutes 1990, section 115A.46, subdivision 2, is amended to read:

Subd. 2. [CONTENTS.] (a) The plans shall describe existing collection, processing, and disposal systems, including schedules of rates and charges, financing methods, environmental acceptability, and opportunities for improvements in the systems.

(b) The plans shall include an estimate of the land disposal capacity in acre-feet which will be needed through the year 2000, on the basis of current and projected waste generation practices. In assessing the need for additional capacity for resource recovery or land disposal, the plans shall take into account the characteristics of waste stream components and shall give priority to waste reduction, separation, and recycling.

(c) The plans shall require the most feasible and prudent reduction of the need for and practice of land disposal of mixed municipal solid waste.

(d) The plans shall address at least waste reduction, separation, recycling, and other resource recovery options, and shall include specific and quantifiable objectives, immediately and over specified time periods, for reducing the land disposal of mixed municipal solid waste and for the implementation of feasible and prudent reduction, separation, recycling, and other resource recovery options. These objectives shall be consistent with statewide objectives as identified in statute. The plans shall describe methods for identifying the portions of the waste stream such as leaves, grass, clippings, tree and plant residue, and paper for application and mixing into the soil and use in agricultural practices. The plans shall describe specific functions to be performed and activities to be undertaken to achieve the abatement, reduction, separation, recycling, and other resource recovery objectives and shall describe the estimated cost, proposed manner of financing, and timing of the functions and activities. The plans shall describe proposed mechanisms for complying with the recycling requirements of section 115A.551. The plans must include the problem materials management plan as required under section 115A.956, subdivision 3, and the household hazardous waste management ~~requirements of~~ plan as required under section 115A.96, subdivision 6.

(e) The plans shall include a comparison of the costs of the activities to be undertaken, including capital and operating costs, and the effects of the activities on the cost to generators and on persons currently providing solid waste collection, processing, and disposal services. The plans shall include alternatives which could be used to achieve the abatement objectives if the proposed functions and activities are not established.

(f) The plans shall designate how public education shall be accomplished. The plans shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the plans shall include criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is

required in order to achieve the waste management objectives identified in the plan.

(g) The plans shall establish a siting procedure and development program to assure the orderly location, development, and financing of new or expanded solid waste facilities and services sufficient for a prospective ten-year period, including estimated costs and implementation schedules, proposed procedures for operation and maintenance, estimated annual costs and gross revenues, and proposals for the use of facilities after they are no longer needed or usable.

(h) The plans shall describe existing and proposed county and municipal ordinances and license and permit requirements relating to solid waste management and shall describe existing and proposed regulation and enforcement procedures.

Sec. 4. Minnesota Statutes 1990, section 115A.956, is amended to read:

115A.956 [SOLID WASTE DISPOSAL PROBLEM MATERIALS.]

Subdivision 1. [PROBLEM MATERIAL PROCESSING AND DISPOSAL PLAN.] The office shall develop a plan that designates problem materials and available capacity for processing and disposal of problem materials including household hazardous waste that should not be in mixed municipal solid waste. In developing the plan, the office shall consider relevant regional characteristics and the impact of problem materials on specific processing and disposal technologies.

Subd. 2. [PROBLEM MATERIAL SEPARATION AND COLLECTION PLAN.] After the office certifies that sufficient processing and disposal capacity is available, but no later than November 15, 1992, the office shall develop a plan for separating problem materials from mixed municipal solid waste, collecting the problem materials, and transporting the problem materials to a processing or disposal facility and may by rule prohibit the ~~disposal~~ placement of the designated problem materials in mixed municipal solid waste.

Subd. 3. [PROBLEM MATERIALS MANAGEMENT PLANS.] (a) Each county shall include in its solid waste management plan required in section 115A.46, or its solid waste master plan required in section 473.803, a plan for management of problem materials addressed in the plan developed under subdivision 2. The plan must include at least:

(1) a broad based public education component;

(2) a strategy for reduction of problem materials; and

(3) a strategy for separation of problem materials from mixed municipal solid waste and collection, storage, and proper management of the problem materials.

(b) Each county shall amend its solid waste management plan required in section 115A.46 or its solid waste master plan required in section 473.803, to comply with this subdivision, and shall submit the plan amendment to the office or the metropolitan council for approval by November 15, 1993.

(c) Each county shall implement its problem materials management plan, as approved by the office or the metropolitan council, within six months after approval.

Sec. 5. Minnesota Statutes 1990, section 115A.96, subdivision 6, is amended to read:

Subd. 6. [HOUSEHOLD HAZARDOUS WASTE MANAGEMENT PLANS.] (a) Each county shall include in its solid waste management plan required in section 115A.46, or its solid waste master plan required in section 473.803, a household hazardous waste management plan. The plan must at least:

(1) include a broad based public education component;

(2) include a strategy for reduction of household hazardous waste; and

(3) ~~address~~ include a strategy for separation of household hazardous waste from mixed municipal solid waste and the collection, storage, and ~~disposal~~ proper management of that waste.

(b) Each county required to submit its plan to the office under section 115A.46 shall amend its plan to comply with this subdivision within one year after October 4, 1989.

(c) Each county in the state shall implement its household hazardous waste management plan by June 30, 1992.

Sec. 6. Minnesota Statutes 1990, section 116.07, subdivision 4j, is amended to read:

Subd. 4j. [PERMITS; SOLID WASTE FACILITIES.] (a) The agency may not issue a permit for new or additional capacity for a mixed municipal solid waste resource recovery or disposal facility as defined in section 115A.03 unless each county using or projected in the permit to use the facility has in place a solid waste management plan approved under section 115A.46 or 473.803 and amended as required by sections 115A.956, subdivision 3, and 115A.96, subdivision 6. The agency shall issue the permit only if the capacity of the

facility is consistent with the needs for resource recovery or disposal capacity identified in the approved plan or plans. Consistency must be determined by the metropolitan council for counties in the metropolitan area and by the agency for counties outside the metropolitan area. Plans approved before January 1, 1990, need not be revised if the capacity sought in the permit is consistent with the approved plan or plans.

(b) The agency shall require as part of the permit application for a new waste incineration facility identification of preliminary plans for ash management and ash leachate treatment or ash utilization. The permit issued by the agency must include requirements for ash management within the state of Minnesota and ash leachate treatment.

Sec. 7. Minnesota Statutes 1990, section 116.07, subdivision 4k, is amended to read:

Subd. 4k. [HOUSEHOLD HAZARDOUS WASTE AND OTHER PROBLEM MATERIALS MANAGEMENT.] (a) The agency shall adopt rules to require the owner or operator of a solid waste disposal facility or resource recovery facility to submit to the agency and to each county using or projected to use the facility a management plan for the separation of household hazardous waste and other problem materials from solid waste prior to disposal or processing and for the proper ~~disposal~~ management of the waste. The rules must require that the plan be developed in coordination with each county using, or projected to use, the facility. The plan must not be inconsistent with the plans developed under section 115A.956, subdivisions 2 and 3, and must include:

(1) identification of materials that are problem materials, as defined in section 115A.03, subdivision 24a, for the facility;

(2) participation in public education activities on management of household hazardous waste ~~management~~ and other problem materials in the facility's service area;

~~(2)~~ (3) a strategy for reduction of household hazardous waste and other problem materials entering the facility; and

~~(3)~~ (4) a plan for the storage and ~~disposal~~ proper management of separated household hazardous waste and other problem materials.

(b) ~~After June~~ By September 30, 1992, the owner or operator of a facility shall implement the elements of the plan required in paragraph (a) relating to household hazardous waste management. After that date, the agency may not grant or renew a permit for a facility ~~that has not submitted a household hazardous waste management plan.~~ until the agency has:

(1) reviewed the elements of the facility's plan relating to household hazardous waste management;

(2) directed the applicant or permittee to make changes to these elements as necessary to comply with the plan requirements under paragraph (a); and

(3) included a requirement to implement the elements as a condition of the issued or renewed permit.

(c) By May 15, 1994, the owner or operator of a facility shall implement the elements of the plan required in paragraph (a) relating to problem materials management. After that date, the agency may not grant or renew a permit for a facility until the agency has:

(1) reviewed the elements of the facility's plan relating to problem materials management;

(2) directed the applicant or permittee to make changes to these elements as necessary to comply with the plan requirements under paragraph (a); and

(3) included a requirement to implement the elements as a condition of the issued or renewed permit.

Sec. 8. [116D.10] [ENERGY AND ENVIRONMENTAL STRATEGY REPORT.]

On or before January 1 of each even-numbered year, the governor shall transmit to the energy and environment and natural resources committees of the legislature a concise, comprehensive written report on the energy and environmental strategy of the state.

The report must be sufficiently comprehensive to assist the legislature in allocating funds to support all of the policies, plans, and programs of the state related to energy and the environment, and specifically must include:

(1) a concise, comprehensive discussion of state, and, as applicable, national and global energy and environmental problems, including but not limited to: indoor and outdoor air pollution, water pollution, atmospheric changes, stratospheric ozone depletion, damage to terrestrial systems, deforestation, regulation of pesticides and toxic substances, solid and hazardous waste management, ecosystem protection (wetlands, estuaries, groundwater, Lake Superior and the inland lakes and rivers), population growth, preservation of animal and plant species, soil erosion, and matters relating to the availability and conservation of crude oil and of refined petroleum product and other energy sources;

(2) a concise, comprehensive description and assessment of the policies and programs of all departments and agencies of the state responsible for issues listed in clause (1), including a concise discussion of the long-term objectives of such policies and programs; existing and proposed funding levels; the impact of each policy and program on pollution prevention, emergency preparedness and response, risk assessment, land management, technology transfer, and matters relating to the availability and conservation of crude oil and of refined petroleum product and other energy sources; and the impact of each on relations with the other states, the federal government, membership in national organizations, and funding of programs for state environmental protection and energy issues;

(3) a concise description and assessment of the integration and coordination of policies, plans, environmental programs, and energy programs of the state with the policies and programs of the federal government, the environmental and energy policies and programs of the other states, and the environmental and energy policies and programs of major state and national nonprofit conservation organizations;

(4) a concise description and assessment of all efforts by the state to integrate effectively its energy and environmental strategy with:

(i) the science and technology strategy of the federal government, including objectives, priorities, timing, funding details, and expected results of all environmental and energy research and development supported by the federal government and of all efforts at regional, national, and international cooperation on environmental and energy research and development;

(ii) the national energy policies of the federal government, including objectives, priorities, timing, funding details, and expected results of all efforts supported by the federal government aimed at reducing energy demand, improving energy efficiency and conservation, fuel-switching, using safe nuclear power reactors, employing clean coal technology, promoting renewable energy sources, promoting research and possible use of alternative fuels, promoting biomass research, promoting energy research and development in general, and advancing regional, national, and international energy cooperation;

(iii) the national environmental education strategy of the federal government, including objectives, priorities, timing, funding details, and expected results of all domestic and international education efforts supported by the United States to improve both public participation and awareness of the need for environmental protection;

(iv) the technology transfer strategy of the federal government, including objectives, priorities, timing, funding details, and ex-

pected results of all domestic and international environmental and energy technology transfer efforts to foster collaboration and cooperation between federal agencies and state and local governments, universities, nonprofit conservation organizations, and private industry in order to improve the competitiveness of the state and the nation in the world marketplace and promote environmental and energy technology advancement; and

(v) the national security strategy of the federal government, including objectives, priorities, timing, funding, and expected results of the national security programs to be most compatible with requirements for environmental preservation and a national energy policy, while accomplishing missions essential to national security;

(5) a concise assessment of the overall effectiveness of the energy and environmental strategy of the state, including a concise description of the organizational processes used to provide a body of energy and environmental information and to evaluate the results of energy and environmental programs; the use of statistical methods; the degree to which the strategy is long-term, comprehensive, integrated, flexible, and oriented toward achieving broad concensus in the state, the nation, and abroad; and recommendations on the ways in which the legislature can assist the governor in making the strategy more effective;

(6) specific two-year, five-year and, as appropriate, longer term goals for the implementation of the energy and environmental strategy of the state; and

(7) such other pertinent information as may be necessary to provide information to the legislature on matters relating to the overall energy and environmental strategy of the state and to develop state programs coordinated with those formulated on a national and international level.

Sec. 9. [116D.11] [REPORT PREPARATION.]

Subdivision 1. [AGENCY RESPONSIBILITY.] Each department or agency of the state, as designated by the governor, shall assist in the preparation of the strategy report. Each designated department or agency shall prepare a preliminary strategy report relating to those programs or policies over which the department or agency has jurisdiction. Each preliminary strategy report shall:

(1) describe concisely the existing policies and programs of the department or agency as they relate to the issues listed in section 116D.10, clause (1);

(2) describe concisely and evaluate the long-term objectives of the

department or agency as they relate to the issues listed in section 116D.10, clause (1);

(3) identify and make proposals about the development of department or agency financial management budgets as they relate to the issues listed in section 116D.10, clause (1);

(4) describe concisely the strategy and procedure of the department or agency to recruit, select, and train personnel to carry out department or agency goals and functions as they relate to the issues listed in section 116D.10, clause (1);

(5) identify and make proposals to eliminate duplicative and unnecessary programs or systems, including encouraging departments and agencies to share systems or programs that have sufficient capacity to perform the functions needed as they relate to the issues listed in section 116D.10, clause (1); and

(6) establish two-year quantitative goals for policy implementation.

Subd. 2. [PRIMARY RESPONSIBILITY.] The environmental quality board shall have the primary responsibility for preparing the energy and environmental strategy report of the state, as required by section 116D.10. The board shall assemble all preliminary reports prepared pursuant to subdivision 1 under a timetable established by the board and shall use the preliminary reports in the preparation of the draft energy and environmental strategy report of the state. Each department or agency designated by the governor to prepare a preliminary strategy report shall submit a copy of the preliminary strategy report to the governor and to the board at the same time.

Subd. 3. [REPORT TO GOVERNOR.] On or before October 1 of each odd-numbered year, the environmental quality board shall transmit to the governor a draft of the written report on the energy and environmental strategy of the state. The governor may change the report and may request additional information or data from any department or agency of the state responsible for issues listed in section 116D.10, clause (1). Any such requested additional information or data shall be prepared and submitted promptly to the governor.

Subd. 4. [STRATEGY AND FINAL REPORTS.] (a) Any department or agency of the state required to submit a biennial report to the legislature in an even-numbered year under section 15.063 may reference part or all of the discussion and information contained in a preliminary strategy report of that department or agency prepared in the prior odd-numbered year in fulfillment of providing any of the substantially equivalent material required to be in the biennial report to the legislature.

(b) It is the intent of the legislature that any preliminary strategy report by a department or agency, the draft energy and environmental strategy report of the state prepared by the environmental quality board, and the final report on the energy and environmental strategy of the state as transmitted by the governor should be written in as concise and easily understood a manner as possible while being sufficiently comprehensive to assist the legislature in allocating funds to support the policies, plans, and programs of the state related to energy and the environment. All preliminary, draft, and final reports shall contain minimal extraneous and irrelevant material.

(c) It is the intent of the legislature that the primary responsibility for preparing the preliminary strategy report relating to energy shall be the responsibility of the department of public service and that the primary responsibility for preparing the preliminary strategy report relating to the environment shall be the responsibility of the pollution control agency.

(d) To aid in effectuating the goal of the legislature that all preparatory and final reports be written in a concise and understandable manner, no preliminary strategy report of any department or agency shall exceed, without the prior approval of the environmental quality board, 30 double-spaced pages or the equivalent, 8-1/2 x 11 inches in size, including all appendices, addenda, and attachments, except those that contain primarily charts, graphs, tabulations, or contain other numerical or pictorial information. Notwithstanding the foregoing, preliminary strategy reports of the department of public service and the pollution control agency may not exceed 50 double-spaced pages or the equivalent, 8-1/2 x 11 inches in size, including all appendices, addenda, and attachments, except those that contain primarily charts, graphs, tabulations or contain other numerical or pictorial information.

Sec. 10. Minnesota Statutes 1990, section 473.149, subdivision 1, is amended to read:

Subdivision 1. [POLICY PLAN; GENERAL REQUIREMENTS.] The metropolitan council shall prepare and by resolution adopt as part of its development guide a long range policy plan for solid waste management in the metropolitan area. When adopted, the plan shall be followed in the metropolitan area. The plan shall address the state policies and purposes expressed in section 115A.02. The plan shall substantially conform to all policy statements, purposes, goals, standards, maps and plans in development guide sections and plans adopted by the council, provided that no land shall be thereby excluded from consideration as a solid waste facility site except land determined by the agency to be intrinsically unsuitable for such use. The plan shall include goals and policies for solid waste management, including recycling consistent with section 115A.551, and household hazardous waste and other problem materials manage-

ment consistent with ~~section~~ sections 115A.956, subdivision 3, and 115A.96, subdivision 6, in the metropolitan area and, to the extent appropriate, statements and information similar to that required under section 473.146, subdivision 1. The plan shall include criteria and standards for solid waste facilities and solid waste facility sites respecting the following matters: general location; capacity; operation; processing techniques; environmental impact; effect on existing, planned, or proposed collection services and waste facilities; and economic viability. The plan shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the plan shall include additional criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan. In developing the plan the council shall consider the orderly and economic development, public and private, of the metropolitan area; the preservation and best and most economical use of land and water resources in the metropolitan area; the protection and enhancement of environmental quality; the conservation and reuse of resources and energy; the preservation and promotion of conditions conducive to efficient, competitive, and adaptable systems of waste management; and the orderly resolution of questions concerning changes in systems of waste management. Criteria and standards for solid waste facilities shall be consistent with rules adopted by the pollution control agency pursuant to chapter 116 and shall be at least as stringent as the guidelines, regulations, and standards of the federal environmental protection agency.

Sec. 11. Minnesota Statutes 1990, section 473.803, subdivision 1, is amended to read:

Subdivision 1. [COUNTY MASTER PLANS; GENERAL REQUIREMENTS.] Each metropolitan county, following adoption or revision of the council's solid waste policy plan and in accordance with the dates specified therein, and after consultation with all affected local government units, shall prepare and submit to the council for its approval, a county solid waste master plan to implement the policy plan. The master plan shall be revised and resubmitted at such times as the council's policy plan may require. The master plan shall describe county solid waste activities, functions, and facilities; the existing system of solid waste generation, collection, and processing, and disposal within the county; proposed mechanisms for complying with the recycling requirements of section 115A.551, and the household hazardous waste and other problem materials management requirements of ~~section~~ sections 115A.956, subdivision 3, and 115A.96, subdivision 6; existing and proposed county and municipal ordinances and license and permit

requirements relating to solid waste facilities and solid waste generation, collection, and processing, and disposal; existing or proposed municipal, county, or private solid waste facilities and collection services within the county together with schedules of existing rates and charges to users and statements as to the extent to which such facilities and services will or may be used to implement the policy plan; and any solid waste facility which the county owns or plans to acquire, construct, or improve together with statements as to the planned method, estimated cost and time of acquisition, proposed procedures for operation and maintenance of each facility; an estimate of the annual cost of operation and maintenance of each facility; an estimate of the annual gross revenues which will be received from the operation of each facility; and a proposal for the use of each facility after it is no longer needed or usable as a waste facility. The master plan shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the master plan shall contain criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan.

Sec. 12. [REPEALER.]

Minnesota Statutes 1990, section 116D.07, is repealed."

Delete the title and insert:

"A bill for an act relating to waste management; requiring counties to prepare and amend solid waste management plans; requiring counties and solid waste facilities to develop and implement problem materials management plans; prohibiting issuance and renewal of certain permit if plans are not developed and implemented; requiring the governor to submit a biennial policy report to the legislature on energy and the environment; amending Minnesota Statutes 1990, sections 115A.03, subdivision 24a; 115A.46, subdivisions 1 and 2; 115A.956; 115A.96, subdivision 6; 116.07, subdivisions 4j and 4k; 473.149, subdivision 1; and 473.803, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 116D; repealing Minnesota Statutes 1990, section 116D.07."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Local Government and Metropolitan Affairs.

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

S. F. No. 425, A bill for an act relating to unclaimed property; providing for payment of certain expenses for claims made in other states; amending Minnesota Statutes 1990, section 345.48, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 345.

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 78, 162, 267, 375, 422, 895, 1141, 1178, 1288, 1332, 1457, 1467, 1515 and 1613 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 425 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Jacobs; Anderson, I., and Cooper introduced:

H. F. No. 1649, A bill for an act relating to motor vehicles; imposing a surcharge on the daily or weekly rental of certain motor vehicles; amending Minnesota Statutes 1990, section 297A.44, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 297A.

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

Heir; Ogren; Blatz; Anderson, I., and Gutknecht introduced:

H. F. No. 1650, A bill for an act relating to taxation; property; changing the targeting credit from a state refund to a direct subtraction from property taxes; appropriating money; amending

Minnesota Statutes 1990, sections 273.1392; 276.04, subdivision 2; and 290A.03, subdivision 13; proposing coding for new law in Minnesota Statutes, chapter 273; repealing Minnesota Statutes 1990, section 290A.04, subdivision 2h.

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

Cooper, Brown, Lieder, Kalis and Seaberg introduced:

H. F. No. 1651, A bill for an act relating to the environment; establishing a one call system for all environmental reporting to state agencies; appropriating money; amending Minnesota Statutes 1990, sections 299K.07; and 299K.09, subdivision 2.

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

Dempsey; Long; Trimble; Olsen, S., and Jaros introduced:

H. F. No. 1652, A resolution memorializing the Postmaster General to issue a postal stamp in commemoration of Wanda Gag, American Author and Illustrator.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Runbeck, Vellenga and Stanius introduced:

H. F. No. 1653, A bill for an act relating to appropriations; appropriating money to the state planning agency for a symposium on violent juvenile sex offenders.

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

Dawkins; Janezich; Anderson, I.; Ogren and Blatz introduced:

H. F. No. 1654, A bill for an act relating to public finance; encouraging the cooperative restructuring of local government services; amending Minnesota Statutes 1990, section 275.54, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 6 and 471.

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

HOUSE ADVISORIES

The following House Advisory was introduced:

Sparby, Wenzel, Kinkel, Omann and Johnson, V., introduced:

H. A. No. 12, A proposal to study agricultural cropland damage by certain types of wildlife.

The advisory was referred to the Committee on Agriculture.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Long, from the Committee on Rules and Legislative Administration, pursuant to rule 1.09, designated the following bill as Special Orders to be acted upon immediately preceding the printed Special Orders pending for today, Monday, April 22, 1991:

H. F. No. 1422.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Long, from the Committee on Rules and Legislative Administration, pursuant to rule 1.09, designated the following bills as Special Orders to be acted upon immediately following Special Orders pending for today, Monday, April 22, 1991:

H. F. Nos. 425 and 980; S. F. No. 539; H. F. Nos. 1201, 540, 1151 and 693; S. F. No. 729; H. F. Nos. 1039, 997 and 525; S. F. No. 328; H. F. No. 1249; S. F. No. 286; H. F. Nos. 1475, 821, 1286, 528, 1066, 882 and 1371; S. F. No. 550; H. F. No. 143; S. F. No. 732; and H. F. Nos. 228, 1025, 527, 478 and 1310.

CONSENT CALENDAR

Long moved that the bills on the Consent Calendar be continued. The motion prevailed.

SPECIAL ORDERS

H. F. No. 1422 was reported to the House.

Rukavina moved to amend H. F. No. 1422, the third engrossment, as follows:

Page 29, delete sections 2 and 3, and insert:

"Sec. 2. [176.95] [ADMINISTRATIVE COSTS.]

The cost of administering the workers' compensation division of the department of labor and industry, the workers' compensation division of the office of administrative hearings, and the workers' compensation court of appeals will be reimbursed to the workers' compensation special compensation fund by a transfer from the general fund, except that the amount transferred from the general fund under this section, plus the amount transferred from the general fund under section 176.183, must not be more than $18,000,000 each fiscal year."

Page 30, delete section 4 and insert:

"Sec. 3. [APPROPRIATIONS.]

$12,000,000 is appropriated from the general fund for transfer on July 1, 1992, to the workers' compensation special compensation fund to reimburse the fund for expenses that should be borne by the general fund. These expenses are the cost of administering the workers' compensation division of the department of labor and industry, the workers' compensation division of the office of administrative hearings, and the workers' compensation court of appeals.

$6,000,000 is appropriated from the general fund for transfer on July 1, 1992, to the workers' compensation special compensation fund to reimburse the fund for compensation paid to employees of uninsured or self-insured employers under Minnesota Statutes, section 176.183."

Page 30, line 19, delete the first "January" and insert "July"

Page 30, line 20, delete "Sections 3 and 4" and insert "section 3"

Page 30, delete lines 22 to 24, and insert:

"Section 4 is effective the day following final enactment. Section 1 is effective October 1, 1991. Sections 2 and 3 are effective July 1, 1992."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Tunheim moved to amend H. F. No. 1422, the third engrossment, as amended, as follows:

Page 25, after line 3, insert:

"Sec. 16. Minnesota Statutes 1990, 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 examination must be scheduled at a location within 150 miles of the employee's residence unless the employer can show cause to the department to order an examination at a location further from the employee's residence. 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."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Jefferson; Johnson, A.; Hasskamp; Carruthers; Bauerly; Garcia; Hanson; Dawkins and Thompson moved to amend H. F. No. 1422, the third engrossment, as amended, as follows:

Page 15, line 34 and page 16, lines 7 and 8, reinstate the stricken language

Page 16, delete lines 9 to 21

Page 16, line 22, delete "(c)" and insert "(b)"

Page 16, line 25, delete "(d)" and insert "(c)"

Page 16, line 27, delete "(e)" and insert "(d)"

Page 17, line 12, delete "(f)" and insert "(e)"

Page 17, line 15, delete "(g)" and insert "(f)"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

CALL OF THE HOUSE

On the motion of Sviggum and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abrams	Garcia	Knickerbocker	Olsen, S.	Segal
Anderson, I.	Girard	Koppendrayer	Olson, E.	Simoneau
Anderson, R.	Goodno	Krinkie	Olson, K.	Skoglund
Anderson, R. H.	Greenfield	Krueger	Omann	Smith
Battaglia	Gruenes	Lasley	Onnen	Solberg
Bauerly	Gutknecht	Leppik	Orenstein	Sparby
Bertram	Hanson	Lieder	Orfield	Stanius
Bettermann	Hartle	Limmer	Osthoff	Steensma
Bishop	Hasskamp	Long	Ostrom	Sviggum
Blatz	Haukoos	Lourey	Ozment	Swenson
Bodahl	Hausman	Lynch	Pauly	Thompson
Boo	Heir	Macklin	Pellow	Tompkins
Brown	Henry	Mariani	Pelowski	Trimble
Carlson	Hufnagle	Marsh	Peterson	Tunheim
Carruthers	Hugoson	McEachern	Pugh	Uphus
Clark	Janezich	McGuire	Reding	Valento
Dauner	Jaros	McPherson	Rest	Vellenga
Davids	Jefferson	Milbert	Rice	Wagenius
Dawkins	Jennings	Morrison	Rodosovich	Waltman
Dempsey	Johnson, A.	Munger	Rukavina	Weaver
Dille	Johnson, R.	Murphy	Runbeck	Wejcman
Dorn	Johnson, V.	Nelson, K.	Sarna	Welker
Erhardt	Kahn	Nelson, S.	Schafer	Welle
Farrell	Kalis	Newinski	Scheid	Wenzel
Frederick	Kelso	O'Connor	Schreiber	Winter
Frerichs	Kinkel	Ogren	Seaberg	Spk. Vanasek

Long 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.

Sviggum; Valento; Stanius; Haukoos; Hugoson; Swenson; Schreiber; Morrison; Johnson, V.; Hufnagle; McPherson; Limmer; Koppendrayer; Goodno; Erhardt; Waltman; Blatz; Smith; Girard; Krinkie; Gutknecht; Bettermann; Frederick; Davids; Olsen, S.; Welker; Runbeck; Pellow; Abrams; Heir; Leppik; Macklin and Lynch moved to amend H. F. No. 1422, the third engrossment, as amended, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

SCOPE OF COVERAGE/LIABILITY

Section 1. Minnesota Statutes 1990, section 176.011, subdivision 11a, is amended to read:

Subd. 11a. [FAMILY FARM.] "Family farm" means any farm operation which (1) pays or is obligated to pay less than ~~$8,000~~ $20,000 in cash wages, exclusive of machine hire, to farm laborers for services rendered during the preceding calendar year, and (2) has total liability and medical payment coverage equal to $300,000 and $5,000, respectively, under a farm liability insurance policy. For purposes of this subdivision, farm laborer does not include any spouse, parent or child, regardless of age, of a farmer employed by the farmer, or any executive officer of a family farm corporation as defined in section 500.24, subdivision 2, or any spouse, parent or child, regardless of age, of such an officer employed by that family farm corporation, or other farmers in the same community or members of their families exchanging work with the employer. Notwithstanding any law to the contrary, a farm laborer shall not be considered as an independent contractor for the purposes of this chapter; provided that a commercial baler or commercial thresher shall be considered an independent contractor.

Sec. 2. Minnesota Statutes 1990, section 176.041, subdivision 1a, is amended 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 that receives the services of a voluntary uncompensated worker who is not required to be covered under this chapter may elect to provide coverage for that worker.

(f) 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. 3. Minnesota Statutes 1990, section 176.183, subdivision 1, is amended to read:

Subdivision 1. When any employee sustains an injury arising out of and in the course of employment while in the employ of an employer, other than the state or its political subdivisions, not insured or self-insured as provided for in this chapter, the employee or the employee's dependents shall nevertheless receive benefits as provided for in this chapter from the special compensation fund, and the commissioner has a cause of action against the employer for reimbursement for all moneys paid out or to be paid out, and, in the discretion of the court, as punitive damages an additional amount not exceeding ~~50~~ 60 percent of all moneys paid out or to be paid out. As used in this subdivision, "employer" includes officers of corporations who have legal control, either individually or jointly with another or others, of the payment of wages. An action to recover the

moneys shall be instituted unless the commissioner determines that no recovery is possible. All moneys recovered shall be deposited in the general fund. There shall be no payment from the special compensation fund if there is liability for the injury under the provisions of section 176.215, by an insurer or self-insurer.

Sec. 4. Minnesota Statutes 1990, section 176.215, is amended by adding a subdivision to read:

Subd. 1a. [EXCLUSIVE REMEDY.] The liability of a general contractor, intermediate contractor, or subcontractor who pays compensation pursuant to subdivision 1, to an injured individual who is not an employee of the general contractor, intermediate contractor, or subcontractor is exclusive and in the place of any other liability to the individual, the individual's personal representative, surviving spouse, parent, any child, dependent, next of kin, or other person entitled to recover damages on account of the individual's injury or death.

Sec. 5. [EFFECTIVE DATE.]

Section 1 is effective January 1, 1992. Sections 2 to 4 are effective the day following final enactment.

ARTICLE 2

COMPENSATION BENEFITS

Section 1. Minnesota Statutes 1990, section 176.011, subdivision 3, is amended to read:

Subd. 3. [DAILY WAGE.] "Daily wage" means the daily wage of the employee in the employment engaged in at the time of injury but does not include tips and gratuities paid directly to an employee by a customer of the employer and not accounted for by the employee to the employer. If the amount of the daily wage received or to be received by the employee in the employment engaged in at the time of injury was irregular or difficult to determine, or if the employment was part time, the daily wage shall be computed by dividing the total amount the employee actually earned in such employment in the last 26 weeks, by the total number of days in which the employee actually performed any of the duties of such employment, provided further, that in the case of the construction industry, mining industry, or other industry where the hours of work are affected by seasonal conditions, the weekly wage shall not be less than five times the daily wage. Where board or allowances other than tips and gratuities are made to an employee in addition to wages as a part of the wage contract they are deemed a part of earnings and computed at their value to the employee. In the case of persons performing services for municipal corporations in the case of

emergency, then the normal working day shall be considered and computed as eight hours, and in cases where such services are performed gratis or without fixed compensation the daily wage of the person injured shall, for the purpose of calculating compensation payable under this chapter, be taken to be the usual going wage paid for similar services in municipalities where such services are performed by paid employees. If, at the time of injury, the employee was regularly employed by two or more employers, the employee's earnings in all such employments shall be included in the computation of daily wage. Holiday pay and vacation pay shall not be included in the calculation of daily wage.

Sec. 2. Minnesota Statutes 1990, section 176.011, subdivision 18, is amended to read:

Subd. 18. [WEEKLY WAGE.] "Weekly wage" is arrived at by multiplying the daily wage by the number of days and fractional days normally worked in the business of the employer for the employment involved. If the employee normally works less than five days per week or works an irregular number of days per week, the number of days normally worked shall be computed by dividing the total number of days in which the employee actually performed any of the duties of employment in the last 26 weeks by the number of weeks in which the employee actually performed such duties, provided that the weekly wage for part time employment during a period of seasonal or temporary layoff shall be computed on the number of days and fractional days normally worked in the business of the employer for the employment involved. If, at the time of the injury, the employee was regularly employed by two or more employers, the employee's days of work for all such employments shall be included in the computation of weekly wage. Occasional overtime is not to be considered in computing the weekly wage, but if overtime is regular or frequent throughout the year it shall be taken into consideration. Holiday pay and vacation pay shall not be included in the calculation of weekly wage. The maximum weekly compensation payable to an employee, or to the employee's dependents in the event of death, shall not exceed ~~66 2/3~~ 80 percent of the ~~product of the daily wage times the number of days normally worked~~ employee's after-tax weekly wage, provided that the compensation payable for permanent partial disability under section 176.101, subdivision 3, and for permanent total disability under section 176.101, subdivision 4, or death under section 176.111, shall not be computed on less than the number of hours normally worked in the employment or industry in which the injury was sustained, subject also to such maximums as are specifically otherwise provided.

Sec. 3. Minnesota Statutes 1990, section 176.011, is amended by adding a subdivision to read:

Subd. 18a. [AFTER-TAX WEEKLY WAGE.] "After-tax weekly wage" means the weekly wage reduced by the amounts required to

be withheld by the Federal Insurance Contributions Act, United States Code, title 16, sections 3101 to 3126, but without regard to the yearly maximum, and by state and federal income tax laws using as the number of allowances the number of exemptions that the employee is entitled to under federal law for the employee and the employee's dependents and without additional allowances. The after-tax weekly wage must be determined as of the date of injury, and changes in dependents after that date may not be considered.

Sec. 4. Minnesota Statutes 1990, 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, subdivision 3. 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~~ permanent partial disability compensation, 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 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 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 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 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 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 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~~ permanent partial compensation vests in an injured employee or in the employee's dependents under this chapter or, if none, in the employee's legal heirs 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.~~ The right is not abrogated by the employee's death prior to the making of the payment.

Sec. 5. Minnesota Statutes 1990, section 176.061, subdivision 10, is amended to read:

Subd. 10. [INDEMNITY.] Notwithstanding the provisions of chapter 65B or any other law to the contrary, an employer has a right of indemnity for any compensation paid or payable pursuant to this chapter, including temporary total compensation, temporary partial compensation, permanent partial disability, ~~economic recovery compensation, impairment compensation,~~ medical compensation, rehabilitation, death, and permanent total compensation.

Sec. 6. Minnesota Statutes 1990, section 176.101, subdivision 1, is amended to read:

Subdivision 1. [TEMPORARY TOTAL DISABILITY.] (a) For an injury producing temporary total disability, the compensation is ~~66 2/3~~ 80 percent of the after-tax weekly wage at the time of injury.

~~(1) provided that~~ (b) During the year commencing on October 1, ~~1979~~ 1991, and each year thereafter, commencing on October 1, the maximum weekly compensation payable is 105 percent of the statewide average weekly wage for the period ending December 31, of the preceding year.

~~(2)~~ (c) The minimum weekly compensation ~~benefits for temporary total disability shall be not less than 50~~ payable is 20 percent of the statewide average weekly wage or the injured employee's ~~actual~~ after-tax 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~~ (d) Temporary total 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.~~ and shall cease whenever any one of the following occurs:

(1) the disability ends;

(2) the employee returns to work;

(3) the employee retires by withdrawing from the labor market;

(4) the employee fails to diligently search for appropriate work;

(5) the employee refuses an offer of work that is consistent with a plan of rehabilitation filed with the commissioner which meets the requirements of section 176.102, subdivision 1, or, if no plan has been filed, the employee refuses an offer of work that the employee can do in the employee's physical condition; or

(6) 90 days pass after the employee has reached maximum medical improvement, except as provided in section 176.102, subdivision 11, paragraph (b).

(e) For purposes of this subdivision, the 90-day period after maximum medical improvement commences on the earlier of:

(1) the date that the employee receives a written medical report indicating that the employee has reached maximum medical improvement; or

(2) the date that the employer or insurer serves the report on the employee and the employee's attorney, if any, and files a copy with the division.

(f) Once temporary total disability compensation has ceased under paragraph (d), clause (1), (2), (3), or (4), it may be recommenced prior to 90 days after maximum medical improvement only as follows:

(1) if temporary total disability compensation ceased under paragraph (d), clause (1), it may be recommenced if the employee again becomes disabled as a result of the work-related injury;

(2) if temporary total disability compensation ceased under paragraph (d), clause (2), it may be recommenced if the employee is laid off or terminated for reasons other than misconduct or is medically unable to continue at the job;

(3) if temporary total disability compensation ceased under paragraph (d), clause (3), but the employee subsequently returned to work, it may be recommenced in accordance with paragraph (f), clause (2); or

(4) if temporary total disability compensation ceased under paragraph (d), clause (4), it may be recommenced if the employee begins diligently searching for appropriate work. Temporary total disability compensation recommenced under this paragraph is subject to cessation under paragraph (d).

Recommenced temporary total disability compensation may not be paid beyond 90 days after the employee reaches maximum medical improvement, except as provided under section 176.102, subdivision 11, paragraph (b).

(g) Once temporary total disability compensation has ceased under paragraph (d), clauses (5) and (6), it may not be recommenced at a later date except as provided under section 176.102, subdivision 11, paragraph (b).

Sec. 7. Minnesota Statutes 1990, section 176.101, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY PARTIAL DISABILITY.] (a) In all cases of temporary partial disability the compensation shall be ~~66 2/3 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.~~ 80 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is able to earn in the employee's partially disabled condition.

(b) ~~This~~ Temporary partial compensation shall be paid during the period of disability ~~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.~~ when the employee is working, earning less than the employee's weekly wage at the time of the injury, and the reduction in the wage the employee is able to earn in the employee's partially disabled condition is due to the injury. Except as provided

in section 176.102, subdivision 11, paragraph (b), temporary partial compensation may not be paid after the employee has returned to work for 156 weeks, including weeks in which the employee has no wage loss, or after 350 weeks after the date of injury, whichever occurs first.

(c) Temporary partial compensation may not exceed the maximum rate for temporary total compensation and must be reduced to the extent that the wage the employee is able to earn in the employee's partially disabled condition plus the temporary partial disability payment otherwise payable under this subdivision exceeds 300 percent of the statewide average weekly wage.

Sec. 8. Minnesota Statutes 1990, section 176.101, is amended by adding a subdivision to read:

Subd. 3. [PERMANENT PARTIAL DISABILITY.] (a) Compensation for permanent partial disability is as provided in this subdivision. Permanent partial disability must be rated as a percentage of the whole body in accordance with rules adopted by the commissioner under section 176.105. The percentage determined pursuant to the rules must be multiplied by the corresponding amount in the following table:

Percent of Disability	Amount
0-25	$ 75,000
26-30	80,000
31-35	85,000
36-40	90,000
41-45	95,000
46-50	100,000
51-55	120,000
56-60	140,000
61-65	160,000
66-70	180,000
71-75	200,000
76-80	240,000
81-85	280,000
86-90	320,000
91-95	360,000
96-100	400,000

An employee may not receive compensation for more than a 100 percent disability of the whole body, even if the employee sustains disability to two or more body parts.

(b) Permanent partial disability is payable upon cessation of temporary total disability under subdivision 1. If the employee is not working, the compensation is payable in installments at the same intervals and in the same amount as the initial temporary total disability rate. If the employee returns to work, the remaining

compensation is payable in a lump sum 30 days after the employee returned to work, provided the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at the job at the end of the period. Permanent partial disability is not payable while temporary total compensation is being paid. Permanent partial disability is payable to permanently totally disabled employees in a lump sum at the time the disability can be ascertained.

Sec. 9. Minnesota Statutes 1990, section 176.101, subdivision 4, is amended to read:

Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be ~~66 2/3~~ 80 percent of the ~~daily~~ after-tax weekly wage at the time of the injury, subject to ~~a maximum weekly compensation equal to~~ the maximum ~~weekly compensation for a temporary total disability~~ and ~~a~~ minimum ~~weekly compensation equal to the minimum weekly compensation~~ rates for a temporary total disability. This compensation shall be paid during the permanent total disability of the injured employee but after a total of $25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply to any old age and survivor insurance benefits. Permanent total disability payments shall cease at retirement. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The dependency of this person shall be determined as though the employee were deceased.

Sec. 10. Minnesota Statutes 1990, section 176.101, subdivision 5, is amended to read:

Subd. 5. [~~TOTAL DISABILITY~~ DEFINITION.] (a) For purposes of subdivision 4, permanent total disability means only:

(1) 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

(2) any other injury which totally and permanently incapacitates the employee from working at an occupation which brings the employee an income ~~constitutes total disability~~.

(b) For purposes of paragraph (a), clause (2), "totally and permanently incapacitated" means that the employee's physical disability, in combination with the employee's age, education and training, and experience, causes the employee to be unable to secure anything more than sporadic employment resulting in an insubstantial income. Local labor market conditions may not be considered in making the total and permanent incapacitation determination.

Sec. 11. Minnesota Statutes 1990, section 176.101, subdivision 6, is amended to read:

Subd. 6. [MINORS.] If any employee entitled to the benefits of this chapter is a minor or is an apprentice of any age and sustains a personal injury arising out of and in the course of employment resulting in permanent total ~~or a compensable permanent partial~~ disability, for the purpose of computing the compensation to which the employee is entitled for the injury, the compensation rate for ~~temporary total, temporary partial,~~ a permanent total disability ~~or economic recovery compensation~~ shall be 105 percent of the statewide average weekly wage.

Sec. 12. Minnesota Statutes 1990, section 176.101, is amended by adding a subdivision to read:

Subd. 9. [MOVING EXPENSES.] An injured employee who has reached maximum medical improvement and who is unable to find suitable gainful employment consistent with the individual's physical disability, in combination with the individual's age, education and training, and experience, due to local labor market conditions is eligible to receive up to $5,000 for moving expenses, provided:

(1) 90 days have passed after the individual has reached maximum medical improvement;

(2) the individual has actually moved in order to take a new job which constitutes suitable gainful employment; and

(3) the new job is located at a distance greater than 35 miles from the individual's current residence.

Sec. 13. Minnesota Statutes 1990, section 176.102, subdivision 11, is amended to read:

Subd. 11. [RETRAINING; COMPENSATION.] (a) Retraining is limited to 156 weeks. An employee who has been approved for retraining may petition ~~the commissioner~~ for additional compensa-

tion not to exceed 25 percent of the compensation otherwise payable. If the commissioner or compensation judge determines that this additional compensation is warranted due to unusual or unique circumstances of the employee's retraining plan, the commissioner or compensation judge may award additional compensation in an amount ~~the commissioner determines is appropriate,~~ not to exceed the employee's request. This additional compensation shall cease at any time the commissioner or compensation judge determines the special circumstances are no longer present.

(b) If the employee is not working during a retraining plan that has been specifically approved under this section, temporary total compensation is payable for up to 90 days after the end of the retraining plan; except that, payment during the 90-day period is subject to cessation in accordance with section 176.101, subdivision 1, paragraph (d), clauses (1) to (5). If the employee is working during the retraining plan but earning less than at the time of injury, temporary partial compensation is payable at the rate of 80 percent of the difference between the employee's after-tax weekly wage at the time of injury and the after-tax weekly wage the employee is able to earn in the employee's partially disabled condition, subject to the maximum rate for temporary total compensation. Temporary partial compensation is not subject to either the 156-week or the 350-week limitation provided by section 176.101, subdivision 2, during the retraining plan, but is subject to those limitations before and after the plan.

(c) Retraining may not be approved if the employee has refused suitable gainful employment, as defined by rule.

Sec. 14. Minnesota Statutes 1990, section 176.105, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE; RULES.] (a) The commissioner of labor and industry shall by rule establish a schedule of degrees of disability resulting from different kinds of injuries. Disability ratings under the schedule for permanent partial disability must be based on objective medical evidence. The commissioner, in consultation with the medical services review board, shall periodically review the rules adopted under this paragraph to determine whether any injuries omitted from the schedule should be compensable and amend the rules accordingly.

(b) No permanent partial disability compensation shall be payable except in accordance with the disability ratings established under this subdivision. The schedule may provide that minor impairments receive a zero rating.

Sec. 15. Minnesota Statutes 1990, section 176.105, subdivision 4, is amended to read:

Subd. 4. [LEGISLATIVE INTENT; RULES; LOSS OF MORE THAN ONE BODY PART.] (a) For the purpose of establishing a disability schedule pursuant to clause (b), the legislature declares its intent that the commissioner establish a disability schedule ~~which, assuming the same number and distribution of severity of injuries, the aggregate total of impairment compensation and economic recovery compensation benefits under section 176.101, subdivisions 3a to 3u be approximately equal to the total aggregate amount payable for permanent partial disabilities under section 176.101, subdivision 3, provided, however, that awards for specific injuries under the proposed schedule need not be the same as they were for the same injuries under the schedule pursuant to section 176.101, subdivision 3. The schedule shall be determined by sound actuarial evaluation and shall be based on the benefit level which exists on January 1, 1983~~.

(b) The commissioner shall by rulemaking adopt procedures setting forth rules for the evaluation and rating of functional disability and the schedule for permanent partial disability and to determine the percentage of loss of function of a part of the body based on the body as a whole, including internal organs, described in section 176.101, subdivision 3, and any other body part not listed in section 176.101, subdivision 3, which the commissioner deems appropriate.

The rules shall promote objectivity and consistency in the evaluation of permanent functional impairment due to personal injury and in the assignment of a numerical rating to the functional impairment.

Prior to adoption of rules the commissioner shall conduct an analysis of the current permanent partial disability schedule for the purpose of determining the number and distribution of permanent partial disabilities and the average compensation for various permanent partial disabilities. The commissioner shall consider setting the compensation under the proposed schedule for the most serious conditions higher in comparison to the current schedule and shall consider decreasing awards for minor conditions in comparison to the current schedule.

The commissioner may consider, among other factors, and shall not be limited to the following factors in developing rules for the evaluation and rating of functional disability and the schedule for permanent partial disability benefits:

(1) the workability and simplicity of the procedures with respect to the evaluation of functional disability;

(2) the consistency of the procedures with accepted medical standards;

(3) rules, guidelines, and schedules that exist in other states that are related to the evaluation of permanent partial disability or to a schedule of benefits for functional disability provided that the commissioner is not bound by the degree of disability in these sources but shall adjust the relative degree of disability to conform to the expressed intent of clause (a);

(4) rules, guidelines, and schedules that have been developed by associations of health care providers or organizations provided that the commissioner is not bound by the degree of disability in these sources but shall adjust the relative degree of disability to conform to the expressed intent of clause (a);

(5) the effect the rules may have on reducing litigation;

(6) the treatment of preexisting disabilities with respect to the evaluation of permanent functional disability provided that any preexisting disabilities must be objectively determined by medical evidence; and

(7) symptomatology and loss of function and use of the injured member.

The factors in paragraphs (1) to (7) shall not be used in any individual or specific workers' compensation claim under this chapter but shall be used only in the adoption of rules pursuant to this section.

Nothing listed in paragraphs (1) to (7) shall be used to dispute or challenge a disability rating given to a part of the body so long as the whole schedule conforms with the expressed intent of clause (a).

(c) If an employee suffers a permanent functional disability of more than one body part due to a personal injury incurred in a single occurrence, the percent of the whole body which is permanently partially disabled shall be determined by the following formula so as to ensure that the percentage for all functional disability combined does not exceed the total for the whole body:

$$A + B (1 - A)$$

where: A is the greater percentage whole body loss of the first body part; and B is the lesser percentage whole body loss otherwise payable for the second body part. $A + B (1 - A)$ is equivalent to $A + B - AB$.

For permanent partial disabilities to three body parts due to a single occurrence or as the result of an occupational disease, the above formula shall be applied, providing that A equals the result

obtained from application of the formula to the first two body parts and B equals the percentage for the third body part. For permanent partial disability to four or more body parts incurred as described above, A equals the result obtained from the prior application of the formula, and B equals the percentage for the fourth body part or more in arithmetic progressions.

Sec. 16. Minnesota Statutes 1990, section 176.111, subdivision 6, is amended to read:

Subd. 6. [SPOUSE, NO DEPENDENT CHILD.] If the deceased employee leaves a dependent surviving spouse and no dependent child, there shall be paid to the spouse weekly workers' compensation benefits at ~~50~~ 80 percent of the after-tax weekly wage at the time of the injury for a period of ten years, including adjustments as provided in section 176.645.

Sec. 17. Minnesota Statutes 1990, section 176.111, subdivision 7, is amended to read:

Subd. 7. [SPOUSE, ONE DEPENDENT CHILD.] If the deceased employee leaves a surviving spouse and one dependent child, there shall be paid to the surviving spouse for the benefit of the spouse and child ~~60~~ 80 percent of the ~~daily~~ after-tax weekly wage at the time of the injury of the deceased until the child is no longer a dependent as defined in subdivision 1. At that time there shall be paid to the dependent surviving spouse weekly benefits at ~~a~~ the same rate ~~which is 16 2/3 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent,~~ for a period of ten years, including adjustments as provided in section 176.645.

Sec. 18. Minnesota Statutes 1990, section 176.111, subdivision 8, is amended to read:

Subd. 8. [SPOUSE, TWO DEPENDENT CHILDREN.] If the deceased employee leaves a surviving spouse and two dependent children, there shall be paid to the surviving spouse for the benefit of the spouse and children ~~66 2/3~~ 80 percent of the ~~daily~~ after-tax weekly wage at the time of the injury of the deceased until the last dependent child is no longer dependent. At that time the dependent surviving spouse shall be paid weekly benefits at ~~a~~ the same rate ~~which is 25 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent,~~ for a period of ten years, adjusted according to section 176.645.

Sec. 19. Minnesota Statutes 1990, section 176.111, subdivision 12, is amended to read:

Subd. 12. [ORPHANS.] If the deceased employee leaves a dependent orphan, there shall be paid ~~55~~ 80 percent of the after-tax weekly wage at the time of the injury of the deceased, for two or more orphans there shall be paid ~~66-2/3~~ 80 percent of the ~~wages~~ after-tax weekly wage.

Sec. 20. Minnesota Statutes 1990, section 176.111, subdivision 14, is amended to read:

Subd. 14. [PARENTS.] If the deceased employee ~~leave~~ leaves no surviving spouse or child entitled to any payment under this chapter, but leaves both parents wholly dependent on the deceased, there shall be paid to such parents jointly ~~45~~ 80 percent of the after-tax weekly wage at the time of the injury of the deceased. In case of the death of either of the wholly dependent parents the survivor shall receive ~~35~~ 80 percent of the after-tax weekly wage thereafter. If the deceased employee ~~leave~~ leaves one parent wholly dependent on the deceased, there shall be paid to such parent ~~35~~ 80 percent of the after-tax weekly wage at the time of the injury of the deceased employee. The compensation payments under this section shall not exceed the actual contributions made by the deceased employee to the support of the employee's parents for a reasonable time immediately prior to the injury which caused the death of the deceased employee.

Sec. 21. Minnesota Statutes 1990, section 176.111, subdivision 15, is amended to read:

Subd. 15. [REMOTE DEPENDENTS.] If the deceased employee leaves no surviving spouse or child or parent entitled to any payment under this chapter, but leaves a grandparent, grandchild, brother, sister, mother-in-law, or father-in-law wholly dependent on the employee for support, there shall be paid to such dependent, if but one, ~~30~~ 40 percent of the after-tax weekly wage at the time of injury of the deceased, or if more than one, ~~35~~ 45 percent of the after-tax weekly wage at the time of the injury of the deceased, divided among them share and share alike.

Sec. 22. Minnesota Statutes 1990, section 176.111, subdivision 18, is amended to read:

Subd. 18. [BURIAL EXPENSE.] In all cases where death results to an employee from a personal injury arising out of and in the course of employment, the employer shall pay the expense of burial, not exceeding in amount ~~$2,500~~ $7,500. In case any dispute arises as to the reasonable value of the services rendered in connection with the burial, its reasonable value shall be determined and approved by the commissioner, a compensation judge, or workers' compensation court of appeals, in cases upon appeal, before payment, after reasonable notice to interested parties as is required by the commis-

sioner. If the deceased leaves no dependents, no compensation is payable, except as provided by this chapter.

Sec. 23. Minnesota Statutes 1990, section 176.111, subdivision 20, is amended to read:

Subd. 20. [ACTUAL DEPENDENTS, COMPENSATION.] Actual dependents are entitled to take compensation in the order named in subdivision 3 during dependency until ~~66-2/3~~ 80 percent of the after-tax weekly wage of the deceased at the time of injury is exhausted. The total weekly compensation to be paid to full actual dependents of a deceased employee shall not exceed in the aggregate an amount equal to the maximum weekly compensation for a temporary total disability.

Sec. 24. Minnesota Statutes 1990, section 176.111, subdivision 21, is amended to read:

Subd. 21. [DEATH, BENEFITS; COORDINATION WITH GOVERNMENTAL SURVIVOR BENEFITS.] The following provision shall apply to any dependent entitled to receive weekly compensation benefits under this section as the result of the death of an employee, and who is also receiving or entitled to receive benefits under any government survivor program:

The combined total of weekly government survivor benefits and workers' compensation death benefits provided under this section shall not exceed 100 percent of the after-tax weekly wage being earned by the deceased employee at the time of the injury causing death; provided, however, that no state workers' compensation death benefit shall be paid for any week in which the survivor benefits paid under the federal program, by themselves, exceed 100 percent of such weekly wage provided, however, the workers' compensation benefits payable to a dependent surviving spouse shall not be reduced on account of any governmental survivor benefits payable to decedent's children if the support of the children is not the responsibility of the dependent surviving spouse.

For the purposes of this subdivision "dependent" means dependent surviving spouse together with all dependent children and any other dependents. For the purposes of this subdivision, mother's or father's insurance benefits received pursuant to United States Code, title 42, section 402(g), are benefits under a government survivor program.

Sec. 25. Minnesota Statutes 1990, section 176.131, subdivision 8, is amended to read:

Subd. 8. [DEFINITIONS.] 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) mental retardation or other related conditions,

(u) any other physical impairment resulting in a disability rating of at least ~~ten~~ 25 percent of the whole body if the physical impairment were evaluated according to standards used in workers' compensation proceedings, and

(v) 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.

"Mental retardation" means significantly subaverage intellectual functioning existing concurrently with demonstrated deficits in adaptive behavior that require supervision and protection for the person's welfare or the public welfare.

"Other related conditions" means severe chronic disabilities that are (i) attributable to cerebral palsy, epilepsy, autism, or any other condition, other than mental illness, found to be closely related to mental retardation because the condition results in impairment of general intellectual functioning or adaptive behavior similar to that of persons with mental retardation or requires treatment or services similar to those required for persons with mental retardation; (ii) likely to continue indefinitely; and (iii) result in substantial functional limitations in three or more of the following areas of major life activity: self-care, understanding and use of language, learning, mobility, self-direction, or capacity for independent living.

Sec. 26. Minnesota Statutes 1990, section 176.131, is amended by adding a subdivision to read:

Subd. 13. [APPLICABLE LAW.] The right to reimbursement under this section is governed by the law in effect on the date of the subsequent injury.

Sec. 27. Minnesota Statutes 1990, 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, and before October 1, 1987, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. 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.

(c) An employee who has suffered a personal injury after October 1, 1987, and is permanently totally disabled as defined in section 176.101, subdivisions 4 and 5, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Regardless of the number of weeks of total disability, no person who is receiving permanent 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. 28. Minnesota Statutes 1990, section 176.132, subdivision 2, is amended to read:

Subd. 2. [AMOUNT.] (a) The supplementary benefit payable under ~~this section~~ subdivision 1, paragraphs (a) and (b), shall be the difference between the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or 4, and 65 percent of the statewide average weekly wage as computed annually. The supplementary benefit payable under subdivision 1, paragraph (c), shall be the difference between:

(1) the amount the employee receives on or after October 1, 1991, under section 176.101, subdivision 4; plus the amount of disability benefits being paid under any government disability benefit program, provided those benefits are a result of the same injury or injuries giving rise to payments under section 176.101, subdivision 4; plus the amount of any federal old age and survivors insurance benefits; and

(2) 50 percent of the statewide average weekly wage, as computed annually.

(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation be-

cause of a credit being applied as the result of a third party liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or ~~65~~ 50 percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.

(c) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section. Attorney's fees shall be allowed in settlements of claims for supplementary benefits in accordance with this chapter.

(d) In the event an eligible recipient under subdivision 1, paragraph (a) or (b), is receiving no compensation or is receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 65 percent of the statewide average weekly wage as computed annually.

(e) In the event that an eligible recipient is receiving simultaneous benefits from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provisions of United States Code, title 42, section 424a(d), this reduction shall not apply.

(f) Notwithstanding any other provision in this subdivision to the contrary, if the ~~individual~~ eligible recipient does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provision of United States Code, title 42, section 424a(d), the calculation of supplementary benefits payable to the individual shall be as provided under this section in *Minnesota Statutes* ~~1988~~ 1990.

Sec. 29. Minnesota Statutes 1990, section 176.132, subdivision 3, is amended to read:

Subd. 3. [PAYMENT.] The payment of supplementary benefits shall be the responsibility of the employer or insurer currently paying total disability benefits under subdivision 1, paragraph (a) or (b), or currently paying permanent total disability benefits under subdivision 1, paragraph (c), or any other payer of such benefits.

When the eligible individual is not currently receiving benefits because the total paid has reached the maximum prescribed by law the employer and insurer shall, nevertheless, pay the supplementary benefits that are prescribed by law. The employer or insurer paying the supplementary benefit shall have the right of full reimbursement from the special compensation fund for the amount of such benefits paid.

Sec. 30. [176.178] [FRAUD.]

Any person who, with intent to defraud, receives workers' compensation benefits to which the person is not entitled by knowingly misrepresenting, misstating, or failing to disclose any material fact is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3.

Sec. 31. Minnesota Statutes 1990, section 176.179, is amended to read:

176.179 [~~PAYMENTS OF COMPENSATION RECEIVED IN GOOD FAITH~~ RECOVERY OF OVERPAYMENTS.]

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~~ permanent partial compensation shall not exceed 20 percent of the amount that would otherwise be payable.

Where the commissioner or compensation judge determines that the mistaken compensation was not received in good faith, the commissioner or compensation judge may order reimbursement of the compensation or order a credit for the compensation against any future monetary benefits from the same injury. The credit may be up to 100 percent of the amount of monetary benefits otherwise

payable. For purposes of this section, a payment is not received in good faith if it is obtained through fraud, or if the employee knew or should have known that the compensation was paid under mistake of fact or law, and the employee has not refunded the mistaken compensation.

A credit may not be applied against medical expenses due or payable.

Sec. 32. Minnesota Statutes, section 176.221, subdivision 6a, is amended to read:

Subd. 6a. [MEDICAL, REHABILITATION, ~~ECONOMIC RECOVERY,~~ AND ~~IMPAIRMENT~~ PERMANENT PARTIAL COMPENSATION.] The penalties provided by this section apply in cases where payment for treatment under section 176.135, rehabilitation expenses under section 176.102, subdivisions 9 and 11, ~~economic recovery compensation~~ or ~~impairment~~ permanent partial compensation are not made in a timely manner as required by law or by rule adopted by the commissioner.

Sec. 33. Minnesota Statutes 1990, section 176.645, subdivision 1, is amended to read:

. . .

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1981, and thereafter on the anniversary of the date of the employee's injury the total benefits due shall be adjusted by multiplying the total benefits due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on October 1, ~~1977~~ 1991 or thereafter under this section shall exceed ~~six~~ four percent a year. In those instances where the adjustment under the formula of this section would exceed this maximum the increase shall be deemed to be ~~six~~ four percent.

Sec. 34. Minnesota Statutes 1990, section 176.645, subdivision 2, is amended to read:

Subd. 2. [TIME OF FIRST ADJUSTMENT.] For injuries occurring on or after October 1, 1981, the initial adjustment made pursuant to subdivision 1 ~~shall be~~ is deferred until the first anniversary of the

date of the injury. For injuries occurring on or after October 1, 1991, the initial adjustment under subdivision 1 is deferred until the third anniversary of the date of injury.

Sec. 35. Minnesota Statutes 1990, section 176.66, subdivision 11, is amended to read:

Subd. 11. [AMOUNT OF COMPENSATION.] The compensation for an occupational disease is ~~66 2/3~~ 80 percent of the employee's after-tax weekly wage on the date of injury subject to a maximum compensation equal to the maximum compensation in effect on the date of last exposure. The employee shall be eligible for supplementary benefits notwithstanding the provisions of section 176.132, after four years have elapsed since the date of last significant exposure to the hazard of the occupational disease if that employee's weekly compensation rate is less than the current supplementary benefit rate.

Sec. 36. Minnesota Statutes 1990, 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~~ 2; 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 268.231, 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.

Sec. 37. Minnesota Statutes 1990, section 353.33, subdivision 5, is amended to read:

Subd. 5. [BENEFITS PAID UNDER WORKERS' COMPENSATION LAW.] Disability benefits paid shall be coordinated with any amounts received or receivable under workers' compensation law, such as temporary total, permanent total, temporary partial, or permanent partial, ~~or economic recovery compensation~~ benefits, in either periodic or lump sum payments from the employer under applicable workers' compensation laws, after deduction of amount of attorney fees, authorized under applicable workers' compensation laws, paid by a disabilitant. If the total of the single life annuity actuarial equivalent disability benefit and the workers' compensation benefit exceeds: (1) the salary the disabled member received as of the date of the disability or (2) the salary currently payable for the same employment position or an employment position substantially similar to the one the person held as of the date of the disability, whichever is greater, the disability benefit must be reduced to that amount which, when added to the workers' compensation benefits, does not exceed the greater of the salaries described in clauses (1) and (2).

Sec. 38. [176.90] [AFTER-TAX CALCULATION.]

For purposes of sections 176.011, subdivisions 18 and 18a; 176.101, subdivisions 1, 2, 3, and 4; 176.111, subdivisions 6, 7, 8, 12, 14, 15, 20, and 21; and 176.66, the commissioner shall publish by September 1 of each year tables or formulas for determining the after-tax weekly wage to take effect the following October 1. The tables or formulas must be based on the applicable federal income tax and social security laws and state income tax laws in effect on

the preceding April 1. These tables or formulas are conclusive for the purposes of converting the weekly wage into after-tax weekly wage. The commissioner may contract with the department of revenue or any other person or organization in order to adopt the tables or formulas. The adoption of the tables or formulas is exempt from the administrative rulemaking provisions of chapter 14.

Sec. 39. [REPEALER.]

Minnesota Statutes 1990, sections 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, and 3u; and 176.111, subdivision 8a, are repealed.

Sec. 40. [EFFECTIVE DATE.]

This article is effective October 1, 1991; except that; section 14, paragraph (b), is retroactively effective to January 1, 1984.

ARTICLE 3

LEGAL, REHABILITATION, MEDICAL PROVIDERS/BENEFITS

Section 1. [175.0075] [COMMISSION ON WORKERS' COMPENSATION.]

Subdivision 1. [CREATION; COMPOSITION.] (a) There is created a permanent commission on workers' compensation consisting of ten voting members as follows: six members appointed by the governor, three representing business, and three representing labor; two members appointed by the majority leader of the senate, one representing business and one representing labor; and two members appointed by the speaker of the house of representatives, one representing business and one representing labor. The members of the commission shall select a co-chair representing business and a co-chair representing labor. Each co-chair shall appoint an alternate for each member appointed by the co-chair and an alternate for the co-chair. An alternate shall serve in the absence of a member.

(b) The voting members shall serve for terms of five years and may be reappointed. The commissioner of labor and industry shall serve as an ex officio, nonvoting member of the commission.

(c) The commission shall designate liaisons to the commission representing workers' compensation insurers; medical, hospital, and rehabilitation providers; and the legal profession. The speaker and minority leader of the house of representatives shall appoint a member of their respective caucus as a liaison to the commission. The majority and minority leaders of the senate shall appoint a

member of their respective caucus to serve as a liaison to the commission.

Subd. 2. [EXPENSES.] Commission members shall serve without pay but are entitled to per diem and reimbursement for expenses as provided under section 15.059.

Subd. 3. [DUTIES.] (a) The commission shall thoroughly examine all elements of Minnesota's current system of workers' compensation and make specific recommendations for reform to the legislature with respect to the development of a workers' compensation system that fairly and justly serves injured workers in this state, at a cost that is affordable by Minnesota employers. The commission shall also advise the department of labor and industry in carrying out the purposes of chapter 176.

(b) In order to carry out its duties and responsibilities in an effective manner, the commission may consult with any government official or employee or other party.

(c) The commission shall submit its findings and recommendations to the legislature with respect to amendments to this chapter by February 1 of each year, and shall also report its views upon any pending bill relating to chapter 176 to the proper legislative committees.

(d) At the request of the chairpersons of the senate employment committee and the house labor-management relations committee, the commission shall schedule meetings with members of those respective committees to review and discuss matters of legislative concern arising under chapter 176.

Subd. 4. [MEETINGS; VOTING.] (a) The commission shall meet as frequently as necessary to carry out its duties and responsibilities. The commission shall also conduct public hearings throughout the state as may be necessary to give interested persons an opportunity to comment and make suggestions on the operation of the state's workers' compensation law.

(b) The meetings of the commission are subject to the state's open meeting law, section 471.705; except that, the business voting members and the labor voting members may meet in separate closed caucuses for the purpose of deliberating on matters before the commission. All votes of the commission must be public and recorded.

Subd. 5. [EXECUTIVE DIRECTOR.] (a) The commission shall employ an executive director for the commission, who shall be a state employee in the unclassified service and participate in the state unclassified employee retirement program. The range of

salary and the salary level within it for the executive director shall be set by the commission. The executive director shall serve at the pleasure of the commission.

(b) The executive director shall provide administrative support and information to the commission in order to allow it to monitor all elements of Minnesota's workers' compensation system. Specific duties of the executive director shall include:

(1) examining the activities of the various entities involved in Minnesota's workers' compensation system and identifying problem areas for the commission's consideration;

(2) identifying trends and developments in the workers' compensation law of other states, and reporting to the commission on issues that are developing and solutions that are being proposed or attempted;

(3) monitoring the decisions of Minnesota courts, including the workers' compensation court of appeals and the supreme court, to determine the impact of court decisions on the workers' compensation system;

(4) monitoring workers' compensation research activities and bringing important research findings and recommendations to the attention of the commission; and

(5) conducting other activities and duties as may be requested by the commission.

Subd. 6. [ADMINISTRATIVE SUPPORT.] The commissioner of labor and industry shall supply necessary office space, supplies, and staff support to assist the commission and its executive director in their duties.

Subd. 7. [CONSULTANTS.] The commission may contract with outside consultants having recognized expertise in the field of workers' compensation as may be needed to perform its duties and responsibilities.

Subd. 8. [APPROPRIATION.] The annual operating costs incurred by the commission in carrying out its duties and responsibilities shall be appropriated from the state general fund.

Sec. 2. Minnesota Statutes 1990, section 176.011, subdivision 27, is amended 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 that section ~~176.106 or 176.239~~.

Sec. 3. Minnesota Statutes 1990, section 176.081, subdivision 1, is amended to read:

Subdivision 1. [APPROVAL.] (a) A fee for legal services of 25 percent of the first $4,000 of compensation awarded to the employee and 20 percent of the next ~~$27,500~~ $70,000 of compensation awarded to the employee is permissible and does not require approval by the commissioner, compensation judge, or any other party except as provided in ~~clause (b)~~ paragraph (d). All fees must be calculated according to the formula under this subdivision or earned in hourly fees for representation at dispute resolution conferences under section 176.239. Hourly fees must be determined according to the criteria set forth under subdivision 5.

(b) Fees for legal services related to the same injury are cumulative and may not exceed $15,000, except as provided under subdivision 2. No other attorney fees for any proceeding under this chapter are allowed.

(c) If the employer or the insurer or the defendant is given written notice of claims for legal services or disbursements, the claim shall be a lien against the amount paid or payable as compensation. In no case shall fees be calculated on the basis of any undisputed portion of compensation awards. Allowable fees under this chapter shall be based solely upon genuinely disputed claims or portions of claims~~, including disputes related to the payment of rehabilitation benefits or to other aspects of a rehabilitation plan. Fees for administrative conferences under section 176.239 shall be determined on an hourly basis, according to the criteria in subdivision 5~~.

~~(b)~~ (d) An attorney who is claiming legal fees ~~under this section~~ for representing an employee in a workers' compensation matter shall file a statement of ~~attorney's~~ attorney fees with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. A copy of the signed retainer agreement shall also be filed. The employee and insurer shall receive a copy of the statement. The statement shall be on a form prescribed by the commissioner, shall report the number of hours spent on the case, and shall clearly and conspicuously state that the employee or insurer has ten calendar days to object to the attorney fees requested. If no objection is timely made by the employee or insurer, the amount requested shall be conclusively presumed reasonable providing the amount does not exceed the limitation in subdivision 1. The commissioner, compensation judge, or court of appeals shall issue an order granting the fees and the

amount requested shall be awarded to the party requesting the fee. If a timely objection is filed, or the fee is determined on an hourly basis, the commissioner, compensation judge, or court of appeals shall review the matter and make a determination based on the criteria in subdivision 5. If no timely objection is made by an employer or insurer, reimbursement under subdivision 7 shall be made if the statement of fees requested this reimbursement.

Sec. 4. Minnesota Statutes 1990, section 176.081, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] An application for attorney fees in excess of the amount authorized in subdivision 1 shall be made to the 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 number of hours spent on the case, 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. 5. Minnesota Statutes 1990, section 176.081, subdivision 3, is amended to read:

Subd. 3. [REVIEW.] ~~An employee who~~ A party that is dissatisfied with its attorney fees~~,~~ may file an application for review by the workers' compensation court of appeals. ~~Such~~ The application shall state the basis for the need of review and whether or not a hearing is requested. A copy of ~~such~~ the application shall be served upon the party's attorney ~~for the employee~~ by the court administrator and if a hearing is requested by either party, the matter shall be set for hearing. The notice of hearing shall be served upon known interested parties. ~~The attorney for the employee shall be served with a notice of the hearing.~~ The workers' compensation court of appeals shall have the authority to raise ~~the question of~~ the issue of the attorney fees at any time upon its own motion and shall have continuing jurisdiction over attorney fees.

Sec. 6. Minnesota Statutes 1990, section 176.102, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] (a) This section only applies to vocational rehabilitation of injured employees and their spouses as provided under subdivision 1a. Physical rehabilitation of injured employees is considered treatment subject to section 176.135.

(b) Rehabilitation is intended to restore the injured employee~~, through physical and vocational rehabilitation,~~ so the employee may return to a job related to the employee's former employment or to a job in another work area which produces an economic status as close as possible to that the employee would have enjoyed without disability. Rehabilitation to a job with a higher economic status than would have occurred without disability is permitted if it can be demonstrated that this rehabilitation is necessary to increase the likelihood of reemployment. Economic status is to be measured not only by opportunity for immediate income but also by opportunity for future income.

Sec. 7. Minnesota Statutes 1990, 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 and shall by rule, subject to chapter 14, establish a fee schedule or otherwise limit fees charged by qualified rehabilitation consultants and vendors. By March 1, 1993, the commissioner shall report to the legislature on the status of the commission's monitoring of rehabilitation services. The commissioner may hire qualified personnel to assist in the commissioner's duties under this section and may delegate the duties and performance.

Sec. 8. Minnesota Statutes 1990, 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~~ three members ~~each from~~ who shall represent both employers~~,~~ and insurers, ~~rehabilitation, and medicine,~~ one member representing chiropractors, ~~and four~~ one member representing medical doctors, three members representing labor, two members representing rehabilitation vendors, and five members representing qualified rehabilitation consultants. 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 appeals from orders of the commissioner regarding certification approval of qualified rehabilitation consultants and 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.

Sec. 9. Minnesota Statutes 1990, section 176.102, subdivision 3a, is amended to read:

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, 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. 10. Minnesota Statutes 1990, section 176.102, subdivision 4, is amended to read:

Subd. 4. [REHABILITATION PLAN; DEVELOPMENT.] (a) ~~An employer or insurer shall 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 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 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.~~ A rehabilitation consultation must be provided by the employer to an injured employee upon request of the employee, the employer, or the commissioner. If a rehabilitation consultation is requested, the employer shall provide a qualified rehabilitation consultant. If the injured employee objects to the employer's selection, the employee may select a qualified rehabilitation consultant of the employee's own *choosing within 30 days following the first in-person contact* between the employee and the original qualified rehabilitation consultant. If the consultation indicates that rehabilitation services are appropriate under subdivision 1, the employer shall provide the services. If the consultation indicates that rehabilitation services are *not* appropriate under subdivision 1, the employer shall notify the employee of this determination within 14 days after the consultation.

(b) In order to assist the commissioner in determining whether or *not to request rehabilitation consultation for an injured employee,* an employer shall notify the commissioner whenever the employee's temporary total disability will likely exceed 13 weeks. The notification must be made within 90 days from the date of the injury or when the likelihood of at least a 13-week disability can be determined, whichever is earlier, and must include a current physician's report.

(c) 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~~, attorney, or health care provider involved in 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.~~

(d) After the initial provision or selection of a qualified rehabilitation consultant as provided under paragraph (a), the employee may ~~choose~~ request 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~~ which shall be ~~determined~~ granted or denied by the commissioner or compensation judge according to the best interests of the parties.

(e) The employee and employer shall ~~enter into a program if one is prescribed in~~ develop a rehabilitation plan within 30 days of the rehabilitation consultation if the qualified rehabilitation consultant determines that rehabilitation is appropriate. A copy of the plan, including a target date for return to work, shall be submitted to the commissioner within 15 days after the plan has been developed.

~~(b)~~ (f) If the employer does not provide rehabilitation consultation, or the employee does not select a qualified rehabilitation consultant, as ~~required by this section~~ provided in paragraph (a), the commissioner or compensation judge shall notify the employer that if the employer fails to ~~appoint~~ provide, or the employee fails to select, whichever is applicable, a qualified rehabilitation consultant ~~or other persons as permitted by clause (a)~~ within 15 days to conduct a rehabilitation consultation, the commissioner or compensation judge shall appoint a qualified rehabilitation consultant to provide the consultation at the expense of the employer unless the commissioner or compensation judge determines the consultation is not required.

~~(c)~~ (g) 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)~~ (h) The commissioner or compensation judge may waive rehabilitation services under this section if the commissioner or compensation judge is satisfied that the employee will return to work in the near future or that rehabilitation services will not be useful in returning an employee to work.

Sec. 11. Minnesota Statutes 1990, 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, determina-

tions regarding whether an employee is eligible for further rehabilitation and the benefits under subdivisions 9 and 11 to which an employee is entitled. A plan that is not completed within six months or after $3,000 has been paid in rehabilitation benefits must be specifically approved by the commissioner. This approval may not be waived by the parties.

Sec. 12. Minnesota Statutes 1990, section 176.102, subdivision 7, is amended to read:

Subd. 7. [PLAN IMPLEMENTATION; REPORTS.] (a) Upon request by the commissioner, insurer, employer or employee, medical and rehabilitation reports shall be made by the provider of the medical and rehabilitation service to the commissioner, insurer, employer, or employee.

(b) If a rehabilitation plan has not already been filed under subdivision 4, an employer shall report to the commissioner after 90 days and before 120 days from the date of the injury, as to what rehabilitation consultation and services have been provided to the injured employee or why rehabilitation consultation and services have not been provided.

Sec. 13. Minnesota Statutes 1990, section 176.102, subdivision 9, is amended to read:

Subd. 9. [PLAN, COSTS.] An employer is liable for the following rehabilitation expenses under this section:

(a) Cost of rehabilitation evaluation and preparation of a plan;

(b) Cost of all rehabilitation services and supplies necessary for implementation of the plan;

(c) Reasonable cost of tuition, books, travel, and custodial day care; and, in addition, reasonable costs of board and lodging when rehabilitation requires residence away from the employee's customary residence;

(d) Reasonable costs of travel and custodial day care during the job interview process;

(e) Reasonable cost for moving expenses of the employee and family if a job is found in a geographic area beyond reasonable commuting distance after a diligent search within the present community. Relocation shall not be paid more than once during any rehabilitation program, and relocation shall not be required if the new job is located within the same standard metropolitan statistical area as the employee's job at the time of injury. An employee shall not be required to relocate and a refusal to relocate shall not result

in a suspension or termination of compensation under this chapter; and

(f) Any other expense agreed to be paid.

Charges for services provided by a rehabilitation consultant or vendor must be submitted on a billing form prescribed by the commissioner. No payment for the services shall be made until the charges are submitted on the prescribed form.

Sec. 14. [176.107] [MEDICAL AND REHABILITATION DISPUTES.]

Any dispute for benefits under section 176.102, 176.103, 176.135, or 176.136 may be referred to the mediation services section of the department for consideration. All health care providers, qualified rehabilitation consultants, intervenors or potential intervenors, or any other third parties who have or may have an interest in the resolution of the dispute must be notified of the proceeding and requested to be in attendance. Any agreement by the parties who attend the hearing or appear by telephone conference is binding on any other party who had notice and did not participate in the hearing.

Sec. 15. Minnesota Statutes 1990, section 176.135, subdivision 1, is amended to read:

Subdivision 1. [MEDICAL, PSYCHOLOGICAL, CHIROPRACTIC, PODIATRIC, SURGICAL, HOSPITAL.] (a) The employer shall furnish any medical, psychological, ~~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.~~ An employer may fulfill its obligation under this section by utilizing a certified managed care plan as provided in this chapter.

(b) The employer shall furnish reasonably required chiropractic treatment for a maximum of 30 days from the date the employee first seeks the treatment, or 15 chiropractic treatment visits, whichever occurs first. The employer shall furnish reasonably required physical therapy treatment for a maximum of 30 days from the date the employee first seeks the treatment. Chiropractic or physical therapy treatment is compensable thereafter only with the consent of the employer or insurer, or after a specific determination by the commissioner or a compensation judge, pursuant to para-

graph (f), that treatment for an additional specified period of time is reasonably required. This paragraph is effective for treatment provided after July 1, 1992.

(c) The employer shall pay for the reasonable value of nursing services provided by a member of the employee's family in cases of permanent total disability.

(d) Exposure to rabies is an injury and an employer shall furnish preventative treatment to employees exposed to rabies.

(e) 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~~ provide the items required to be provided under this paragraph, the employer is liable for the reasonable expense incurred by or on behalf of the employee in providing the same, including costs 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; ~~and attorney fees incurred by the employee. No action to recover the cost of copies may be brought until the commissioner adopts a schedule of reasonable charges under subdivision 7. 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~~.

~~(b)~~ (f) Both the commissioner and the compensation judges have authority to make determinations under this section in accordance with ~~sections 176.106 and~~ section 176.305 and to issue orders approving mediated settlements in accordance with section 176.107.

Sec. 16. Minnesota Statutes 1990, 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 when the surgery is reasonably required to cure and relieve the effects of the personal injury or occupational disease. 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, if required by the employer or insurer, 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.

Sec. 17. Minnesota Statutes 1990, section 176.135, subdivision 5, is amended to read:

Subd. 5. [OCCUPATIONAL DISEASE MEDICAL ELIGIBILITY.] Notwithstanding section 176.66, an employee who has contracted an occupational disease is eligible to receive compensation under this section even if the employee is not disabled from earning full wages at the work at which the employee was last employed.

Payment of compensation under this section shall be made by the employer and insurer on the date of the employee's last exposure to the hazard of the occupational disease. Reimbursement for medical benefits paid under this subdivision or subdivision 1a is allowed from the employer and insurer liable under section 176.66, subdivision 10, only in the case of disablement.

Sec. 18. Minnesota Statutes 1990, section 176.135, subdivision 6, is amended 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, or 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, explaining the basis for denial. All or part of a charge must be denied if any of the following conditions exist:

(1) the injury or condition is not compensable under this chapter;

(2) the charge or service is excessive under this section or section 176.136;

(3) the provider is not enrolled with or certified by the department in accordance with rules adopted under section 176.183;

(4) the charges are not submitted on the prescribed billing form; or

(5) additional medical records or reports are required under subdivision 7 to substantiate the nature of the charge and its relationship to the work injury.

If payment is denied under clause (3), (4), or (5), the employer or insurer shall reconsider the charges in accordance with this subdivision within 30 calendar days after receiving additional medical

data, a prescribed billing form, or documentation of enrollment or certification as a provider.

Sec. 19. Minnesota Statutes 1990, section 176.135, subdivision 7, is amended to read:

Subd. 7. [MEDICAL BILLS AND RECORDS.] Health care providers shall submit to the insurer an itemized statement of charges on a billing form prescribed by the commissioner. Health care providers ~~other than hospitals~~ shall also submit copies of medical records or reports that substantiate the nature of the charge and its relationship to the work injury~~, provided, however, that hospitals must submit any copies of records or reports requested under subdivision 6~~. Health care providers may charge 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. ~~Charges for copies provided under this subdivision shall be reasonable.~~ The commissioner shall adopt a schedule of reasonable charges by ~~emergency rules~~ rule.

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. 20. [176.1351] [MANAGED CARE.]

Subdivision 1. [APPLICATION.] Any health care provider, health care providers, or business entities providing health care services may make written application to the commissioner to become certified to provide managed care to injured workers for injuries and diseases compensable under this chapter. Each application for certification shall be accompanied by a reasonable fee prescribed by the commissioner. A certificate is valid for the period the commissioner prescribes unless revoked or suspended. Application for certification shall be made in the form and manner and shall set forth information regarding the proposed plan for providing services as the commissioner may prescribe. The information shall include, but not be limited to:

(a) a list of the names of all health care providers who will provide services under the managed care plan, together with appropriate evidence of compliance with any licensing or certification requirements for those providers to practice in this state;

(b) a description of the places and manner of providing services under the plan;

(c) a description of the places and manner of providing other related optional services the applicants wish to provide; and

(d) satisfactory evidence of ability to comply with any financial requirements to ensure delivery of service in accordance with the plan which the commissioner may prescribe.

Subd. 2. [CERTIFICATION.] The commissioner shall certify a health care provider, health care providers, or business entities providing health care services to provide managed care under a plan if the commissioner finds that the plan:

(a) proposes to provide services that meet quality, continuity, and other treatment standards prescribed by the commissioner and will provide all medical and health care services that may be required by this chapter in a manner that is timely, effective, and convenient for the worker;

(b) provides appropriate financial incentives to reduce service costs and utilization without sacrificing the quality of service;

(c) provides adequate methods of peer review, utilization review, and dispute resolution to prevent inappropriate or not medically necessary treatment, to exclude participation in the plan those individuals who violate these treatment standards and to provide for the resolution of such medical disputes as the commissioner considers appropriate;

(d) provides a program for early return to work for injured workers involving, where appropriate, cooperative efforts by the workers, the employer, and the managed care organizations to promote workplace health and safety consultative and other services;

(e) provides a timely and accurate method of reporting to the commissioner necessary information regarding medical and health care service cost and utilization to enable the commissioner to determine the effectiveness of the plan;

(f) authorizes workers to receive compensable medical treatment from a health care provider who is not a member of the managed care organization, but who maintains the worker's medical records and with whom the worker has a documented history of treatment, if that health care provider agrees to refer the worker to the managed care organization for any specialized treatment, including physical therapy, to be furnished by another provider that the worker may require and if that health care provider agrees to comply with all the rules, terms, and conditions regarding services performed by the managed care organization. Nothing in this paragraph is intended to limit the worker's right to change health care providers prior to the filing of a workers' compensation claim; and

(g) complies with any other requirement the commissioner determines is necessary to provide quality medical services and health care to injured workers.

Subd. 3. [REVOCATION, SUSPENSION, AND REFUSAL TO CERTIFY.] The commissioner shall refuse to certify or shall revoke or suspend the certification of any health care provider or group of medical service providers to provide managed care if the commissioner finds that the plan for providing medical or health care services fails to meet the requirements of this section, or service under the plan is not being provided in accordance with the terms of a certified plan.

Subd. 4. [REVIEW.] (a) Utilization review, quality assurance and peer review activities pursuant to this section and authorization of medical services to be provided by other than an attending physician pursuant to this chapter shall be subject to review by the commissioner or the commissioner's designated representatives. Data generated by or received in connection with these activities, including written reports, notes or records of any such activities, or of the commissioner's review shall be confidential, and shall not be disclosed except as considered necessary by the commissioner in the administration of this section. The commissioner may report professional misconduct to an appropriate licensing board.

(b) No data generated by utilization review, quality assurance or peer review activities pursuant to this section or the commissioner's review thereof shall be used in any action, suit or proceeding except to the extent considered necessary by the commissioner in the administration of this chapter.

(c) A person participating in utilization review, quality assurance or peer review activities pursuant to this section shall not be examined as to any communication made in the course of such activities or the findings thereof, nor shall any person be subject to an action for civil damages for affirmative actions taken or statements made in good faith.

(d) No person who participates in forming managed care plans, collectively negotiating fees or otherwise solicits or enters into contracts in a good faith effort to provide medical or health care services according to the provisions of this section shall be examined or subject to administrative or civil liability regarding any such participation except pursuant to the commissioner's active supervision of such activities and the managed care organization. Before engaging in such activities, the person shall provide notice of intent to the commissioner on a prescribed form.

(e) The provisions of this section shall not affect the confidentiality or admission in evidence of a claimant's medical treatment records.

Subd. 5. [RULES.] The commissioner in cooperation with the commissioners of the department of health, department of commerce, and department of human services, shall adopt such rules as may be necessary to carry out the provisions of this section.

Sec. 21. Minnesota Statutes 1990, section 176.136, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE.] (a) The commissioner shall by rule establish procedures for determining whether or not the charge for a health service is excessive. In order to accomplish this purpose, the commissioner shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups.

(b) The procedures established by the commissioner ~~shall~~ must limit, in accordance with subdivisions 1a and 1b, the charges allowable for medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135~~, based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing~~. The procedures established by the commissioner for determining whether or not the charge for a health service is excessive ~~shall~~ must be structured to encourage providers to develop and deliver services for rehabilitation of injured workers. The procedures ~~shall~~ must incorporate the provisions of sections 144.701, 144.702, and 144.703 to the extent that the commissioner finds that these provisions effectively accomplish the intent of this section or are otherwise necessary to insure that quality hospital care is available to injured employees.

Sec. 22. Minnesota Statutes 1990, section 176.136, is amended by adding a subdivision to read:

Subd. 1a. [RELATIVE VALUE FEE SCHEDULE.] The liability of an employer for services included in the medical fee schedule is limited to the maximum fee allowed by the schedule in effect on the date of the medical service, or the provider's actual fee, whichever is lower. The medical fee schedule effective on October 1, 1990, shall remain in effect until the commissioner adopts a new schedule by permanent rule, but shall remain in effect no later than June 1, 1993. The commissioner shall adopt permanent rules regulating fees, except fees limited by subdivision 1b, by implementing a relative value fee schedule to be effective on October 1, 1992, or as soon thereafter as possible. The conversion factors for the relative value fee schedule shall reasonably reflect a 15 percent overall reduction from 1991 charges, based on a sample of the most common services billed in the first six months of 1991 that is large enough to be statistically valid.

After permanent rules have been adopted to implement this section, the conversion factors must be adjusted annually on October 1, by the percentage change in the statewide average weekly wage as set forth in section 176.645, subdivision 1. The commissioner shall annually give notice in the State Register of the adjusted conversion factors. This notice shall be in lieu of the requirements of chapter 14.

Sec. 23. Minnesota Statutes 1990, section 176.136, is amended by adding a subdivision to read:

Subd. 1b. [LIMITATION OF LIABILITY.] (a) The liability of the employer for treatment, articles, and supplies provided to an employee while an inpatient or outpatient at a hospital or an outpatient at a same-day surgical facility or emergency room shall be limited to 85 percent of the amount charged.

(b) For the services rendered under paragraph (a) by a hospital with 100 or fewer licensed acute care beds, the liability of employers shall be the actual hospital charges.

(c) The liability of the employer for the treatment, articles, and supplies that are not limited by subdivision 1a or paragraph (a) shall be limited to the provider's actual charge, or the charges that prevail in the same community for similar treatment, articles, and supplies furnished to an injured person when paid for by the injured person, whichever is lower. On this basis, the commissioner or compensation judge may determine the reasonable value of all treatment, services, and supplies, and the liability of the employer is limited to that amount.

Sec. 24. Minnesota Statutes 1990, section 176.136, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVE FEES.] If the 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, compensation judge, or 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.

A charge for a health service or medical service is excessive if it:

(1) exceeds the maximum permissible charge pursuant to subdivision 1 or section 176.135, subdivision 1a;

(2) is for a service provided at a level, duration, or frequency that is excessive, based upon accepted medical standards for quality health care and accepted rehabilitation standards;

(3) is for a service that is outside the scope of practice of the particular provider or is not generally recognized within the particular profession of the provider as of therapeutic value for the specific injury or condition treated; or

(4) is otherwise deemed excessive or inappropriate pursuant to rules adopted pursuant to this chapter.

Where the sole issue in dispute is whether medical fees are excessive, the only parties to the proceeding shall be the health care provider and employer or insurer. The rights of an employee shall not be affected by a determination under this subdivision.

Sec. 25. Minnesota Statutes 1990, 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 for a settlement conference under this section, for ~~an administrative~~ a mediation conference under section ~~176.106~~ 176.107, or for hearing to the office.

Sec. 26. Minnesota Statutes 1990, 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, mediation, or settlement conference, or hearing under section ~~176.106~~ 176.107 or 176.239, 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. 27. Minnesota Statutes 1990, section 176.421, subdivision 7, is amended to read:

Subd. 7. [RECORD OF PROCEEDINGS.] At the division's own expense, the commissioner shall make a complete record of all proceedings before the commissioner and shall provide a stenographer or an audio magnetic recording device to make the record of the proceedings.

The commissioner shall furnish a transcript of these proceedings to any person who requests it and who pays a reasonable charge which shall be set by the commissioner. Upon a showing of cause, the commissioner may direct that a transcript be prepared without expense to the person requesting the transcript, in which case the cost of the transcript shall be paid by the division. Transcript fees received under this subdivision shall be paid to the workers' compensation division account in the state treasury and shall be annually appropriated to the division for the sole purpose of providing a record and transcripts as provided in this subdivision. This subdivision does not apply to any administrative conference or other proceeding before the commissioner which may be heard de novo in another proceeding including but not limited to proceedings under section ~~176.106~~ 176.107 or 176.239.

Sec. 28. Minnesota Statutes 1990, 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,~~ ~~176.106,~~ 176.239, 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. 29. Minnesota Statutes 1990, section 176.82, is amended to read:

176.82 [ACTION FOR CIVIL DAMAGES FOR OBSTRUCTING EMPLOYEE SEEKING BENEFITS.]

Subdivision 1. [GENERALLY.] Any person discharging or threatening to discharge an employee for seeking workers' compensation benefits or in any manner intentionally obstructing an employee seeking workers' compensation benefits is liable in a civil action for damages incurred by the employee including any diminution in workers' compensation benefits caused by a violation of this section including costs and reasonable attorney fees, and for punitive damages not to exceed three times the amount of any compensation benefit to which the employee is entitled. Damages awarded under this section shall not be offset by any workers' compensation benefits to which the employee is entitled.

Subd. 2. [REFUSAL TO REHIRE.] Any employer who without reasonable cause refuses to rehire an employee who is injured in the course of employment, where suitable employment is available within the employee's physical and mental limitations, upon order of the department and in addition to other benefits, has exclusive liability to pay to the employee the wages lost during the period of the refusal, not exceeding six months wages or a maximum of $15,000. In determining the availability of suitable employment, the continuance in business of the employer shall be considered and any written rules promulgated by the employer with respect to seniority or the provisions of any collective bargaining agreement with respect to seniority shall govern.

Sec. 30. Minnesota Statutes 1990, 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 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 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 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. 31. Minnesota Statutes 1990, section 176.83, is amended by adding a subdivision to read:

Subd. 5a. [REPORTING.] Rules requiring insurers, self-insurers, and group self-insurers to report medical and other data necessary to implement the procedures required by this section and chapter 176.

Sec. 32. Minnesota Statutes 1990, section 176.83, subdivision 6, is amended to read:

Subd. 6. [CERTIFICATION OF MEDICAL PROVIDERS.] Rules establishing procedures and standards for the certification or enrollment of physicians, chiropractors, osteopaths, podiatrists, and other health care providers, which may include hospitals and other business entities providing health care services, in order to assure the coordination of treatment, rehabilitation, and other services and requirements of chapter 176 for carrying out the purposes and intent of this chapter.

After the rules for provider enrollment have been promulgated, a provider must be enrolled in accordance with the rules to receive payment for services rendered under section 176.135. An unenrolled

provider may not receive payment or attempt to collect from any source, including the employee, any insurer or self-insured employer, the special compensation fund, or any government program. Retroactive enrollment must be permitted pursuant to guidelines established by rule. A list of currently enrolled providers must be given to all self-insured employers and insurers. The list must be made available to others upon request.

Sec. 33. [APPROPRIATION.]

$300,000 is appropriated from the general fund for the biennium ending June 30, 1993, to the commission on workers' compensation for the purposes of carrying out its duties and responsibilities as provided under section 1.

Sec. 34. [REPEALER.]

Minnesota Statutes 1990, sections 175.007; 176.106; 176.135, subdivision 3; and 176.136, subdivision 5, are repealed.

Sec. 35. [EFFECTIVE DATE.]

This article is effective October 1, 1991; except that sections 1 and 33 are effective July 1, 1991.

ARTICLE 4

COURTS/JURISDICTION

Section 1. Minnesota Statutes 1990, section 15A.083, subdivision 7, is amended to read:

Subd. 7. [WORKERS' COMPENSATION COURT OF APPEALS AND COMPENSATION JUDGES.] Salaries of judges of the workers' compensation court of appeals are the same as the salary for district judges as set under section 15A.082, subdivision 3. Salaries of compensation judges are ~~75~~ 80 percent of the salary of district court judges. The chief workers' compensation settlement judge at the department of labor and industry may be paid an annual salary that is up to five percent greater than the salary of workers' compensation settlement judges at the department of labor and industry. The assistant chief administrative law judge for workers' compensation at the office of administrative hearings shall be paid in conformity with the salary provisions of the managerial plan under section 43A.18, but the minimum salary shall be equal to the salary of a compensation judge.

Sec. 2. Minnesota Statutes 1990, section 176.061, is amended by adding a subdivision to read:

Subd. 6a. [JURISDICTION.] Notwithstanding section 573.02 or any other law to the contrary, the commissioner or compensation judge has jurisdiction to order the distribution of proceeds in accordance with subdivision 6 in all cases except where the district court has awarded a specific amount in satisfaction of the employer's subrogation interest or has specifically denied the employer's subrogation interest.

Sec. 3. [176.2615] [SMALL CLAIMS COURT.]

Subdivision 1. [PURPOSE.] There is established in the department of labor and industry a small claims court, to be presided over by settlement judges for the purpose of settling small claims.

Subd. 2. [ELIGIBILITY.] The claim is eligible for determination in the small claims court if referred by the commissioner or if all parties agree to submit to its jurisdiction; and

(1) the claim is for rehabilitation benefits only under section 176.102 or medical benefits only under section 176.135; or

(2) the claim in its total amount does not equal more than $5,000; and

(3) where the claim is for apportionment or for contribution or reimbursement, no counterclaim in excess of $5,000 is asserted.

Subd. 3. [TESTIMONY; EXHIBITS.] At the hearing a settlement judge shall hear the testimony of the parties and consider any exhibits offered by them and may also hear any witnesses introduced by either party.

Subd. 4. [APPEARANCE OF PARTIES.] A party may appear on the party's own behalf without an attorney, or may retain and be represented by a duly admitted attorney who may participate in the hearing to the extent and in the manner that the settlement judge considers helpful. Attorney fees awarded under this subdivision are included in the overall limit allowed under section 176.081, subdivision 1.

Subd. 5. [EVIDENCE ADMISSIBLE.] At the hearing the settlement judge shall receive evidence admissible under the rules of evidence. In addition, in the interest of justice and summary determination of issues before the court, the settlement judge may receive, in the judge's discretion, evidence not otherwise admissible. The settlement judge, on the judge's own motion, may receive into evidence any documents which have been filed with the department.

Subd. 6. [SETTLEMENT.] A settlement judge may attempt to

conciliate the parties. If the parties agree on a settlement, the judge shall issue an order in accordance with that settlement.

Subd. 7. [DETERMINATION.] If the parties do not agree to a settlement, the settlement judge shall summarily hear and determine the issues and issue an order in accordance with section 176.305, subdivision 1a. Any determination by a settlement judge is not res judicata with respect to any other proceeding between or among the parties under this chapter, nor may it be considered as evidence in any other proceeding.

Subd. 8. [COSTS.] The prevailing party is entitled to costs and disbursements as in any other workers' compensation case.

Sec. 4. Minnesota Statutes 1990, section 176.461, is amended to read:

176.461 [SETTING ASIDE AWARD.]

Except when a writ of certiorari has been issued by the supreme court and the matter is still pending in that court or if as a matter of law the determination of the supreme court cannot be subsequently modified, the workers' compensation court of appeals, for cause, at any time after an award, upon application of either party and not less than five working days after written notice to all interested parties, may set the award aside and grant a new hearing and refer the matter for a determination on its merits to the chief administrative law judge for assignment to a compensation judge, who shall make findings of fact, conclusions of law, and an order of award or disallowance of compensation or other order based on the pleadings and the evidence produced and as required by the provisions of this chapter or rules adopted under it.

As used in this section, the phrase "for cause" is limited to the following grounds:

(1) a mutual mistake of fact that was not discoverable at the time of the award;

(2) newly discovered evidence that was not discoverable at the time of the award;

(3) fraud; or

(4) a substantial change in medical condition since the time of the award that was clearly not anticipated and could not reasonably have been anticipated at the time of the award.

Sec. 5. Minnesota Statutes 1990, section 480A.06, subdivision 3, is amended to read:

Subd. 3. [CERTIORARI REVIEW.] The court of appeals shall have jurisdiction to issue writs of certiorari to all agencies, public corporations and public officials, except the tax court ~~and the workers' compensation court of appeals~~. The court of appeals shall have jurisdiction to review decisions of the commissioner of jobs and training, pursuant to section 268.10.

Sec. 6. Minnesota Statutes 1990, section 480A.06, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE REVIEW.] The court of appeals shall have jurisdiction to review on the record: the validity of administrative rules, as provided in sections 14.44 and 14.45~~, and~~; the decisions of administrative agencies in contested cases, as provided in sections 14.63 to 14.69; and workers' compensation cases and peace officer death benefits cases, as provided under chapters 176 and 176A.

Sec. 7. [TRANSFER OF JURISDICTION AND PERSONNEL.]

The jurisdiction of the workers' compensation court of appeals, as provided under Minnesota Statutes, section 175A.01, subdivision 5, is transferred to the court of appeals. All contracts, books, plans, papers, records, and property of every description of the workers' compensation court of appeals relating to its transferred responsibilities and within its jurisdiction or control are transferred to the court of appeals; except that all case files are transferred to the clerk of the appellate courts. All classified employees and staff attorneys of the workers' compensation court of appeals must be given preference in the employment of personnel required to staff the increased caseload of the court of appeals as a result of transfer of jurisdiction under this section.

Sec. 8. [INCREASED JUDGES.]

The number of judges on the court of appeals as of January 1, 1992, shall be increased by five.

Sec. 9. [INSTRUCTION TO REVISOR.]

In every instance in Minnesota Statutes in which the term "workers' compensation court of appeals" appears, the revisor of statutes shall change that reference to the "court of appeals."

Sec. 10. [REAPPROPRIATION.]

$..... is reappropriated from the special compensation fund, as a result of the savings to that fund in fiscal years 1992 and 1993 due to the abolition of the workers' compensation court of appeals, to the court of appeals for the purposes of this article.

Sec. 11. [REPEALER.]

Minnesota Statutes 1990, sections 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07; 175A.08; 175A.09; and 175A.10, are repealed.

Sec. 12. [EFFECTIVE DATE.]

This article is effective January 1, 1992; except that section 1 is effective July 1, 1991.

ARTICLE 5

WORKERS' COMPENSATION INSURANCE

Section 1. Minnesota Statutes 1990, section 79.095, is amended to read:

79.095 [APPOINTMENT OF ACTUARY.]

The commissioner ~~shall~~ may employ the services of ~~a~~ casualty ~~actuary~~ actuaries experienced in ~~worker's~~ workers' compensation whose duties shall include but not be limited to investigation of complaints by insured parties relative to rates, rate classifications, or discriminatory practices of an insurer. The salary of ~~the~~ an actuary employed pursuant to this section is not subject to the provisions of section 43A.17, subdivision 1.

Sec. 2. Minnesota Statutes 1990, section 79.251, subdivision 1, is amended to read:

Subdivision 1. [ASSIGNED RISK PLAN; PARTICIPATION.] ~~(1) An assigned risk plan review board is created for the purposes of review of the operation of section 79.252 and this section.~~ The state fund mutual insurance company and all insurers authorized to write workers' compensation and employers' liability insurance in this state shall participate in a plan providing for the equitable apportionment of insurance coverage to employers who have been rejected for insurance coverage by a licensed insurer in the manner set forth in section 79.252.

Subd. 1a. [BOARD OF GOVERNORS.] (1) The operation of the assigned risk plan is subject to the supervision of the board of governors of the plan. The board shall have all the usual powers and authorities necessary for the discharge of its duties under this section and may contract with individuals in discharge of those duties.

(2) The board shall consist of six members to be appointed by the commissioner of commerce. ~~Three members shall be insureds hold-~~

~~ing policies or contracts~~ One member shall be an insured holding a policy or contract of coverage issued pursuant to subdivision 4. ~~Two~~ Five members shall be insurers pursuant to section 60A.06, subdivision 1, clause (5), paragraph (b). ~~The commissioner shall be the sixth member and shall vote.~~

Initial appointments to the board shall be made by ~~September~~ January 1, ~~1981~~ 1992, and terms shall be for three years duration. Removal, the filling of vacancies and compensation of the members ~~other than the commissioner~~ shall be as provided in section 15.059.

(3) The ~~assigned risk plan review~~ board shall audit the reserves established (a) for individual cases arising under policies and contracts of coverage issued under subdivision 4 and (b) for the total book of business issued under subdivision 4.

(4) The ~~assigned risk plan review~~ board shall ~~monitor the operations of section 79.252 and this section and shall periodically make recommendations to the commissioner, and to the governor and legislature when appropriate, for improvement in the operation of those sections~~ prepare a plan of operation for the assigned risk plan subject to the approval of the commissioner. The policy forms, rates, merit rating, rating plans, and classification and rating systems of the assigned risk plan shall be those filed for use by the Minnesota workers' compensation insurers rating association, and approved by the commissioner, subject to the requirements of this chapter.

The board shall meet quarterly, or more frequently if necessary, to review plan enrollment, plan administration, rate adequacy, loss ratios, and reserving practices. No later than June 30 of each year, the board shall file an annual report with the legislature and the workers' compensation insurers association. The report must be signed by each member of the board. The report must include an actuarial evaluation of the plan by a fellow of the casualty actuarial society who shall be retained and paid by the board.

(5) ~~All insurers and self-insurance administrators issuing policies or contracts under subdivision 4 shall pay to the commissioner a .25 percent assessment on premiums for policies and contracts of coverage issued under subdivision 4 for the purpose of defraying the costs of the assigned risk plan review board. Proceeds of the assessment shall be deposited in the state treasury and credited to the general fund.~~

~~(6)~~ The assigned risk plan and the ~~assigned risk plan review~~ board of governors shall not be deemed a state agency.

Sec. 3. Minnesota Statutes 1990, section 79.251, subdivision 2, is amended to read:

Subd. 2. [APPROPRIATE MERIT RATING PLAN.] The board of governors, subject to approval by the commissioner of commerce, shall develop an appropriate merit rating plan which shall be applicable to all nonexperience rated insureds holding policies or contracts of coverage issued pursuant to subdivision 4, and to the insurers or self-insurance administrators issuing those policies or contracts. The plan ~~shall~~ must provide a maximum merit credit or debit adjustment equal to ten percent of earned premium. The actual adjustment may vary with insured's loss experience.

Sec. 4. Minnesota Statutes 1990, section 79.251, subdivision 3, is amended to read:

Subd. 3. [RATES.] ~~Insureds served by the assigned risk plan shall be charged premiums based upon a rating plan, including a merit rating plan adopted by the commissioner by rule.~~ (a) The ~~commissioner~~ board of governors shall ~~annually, not later than January 1 of each year, establish the~~ file with the commissioner a schedule of rates ~~applicable to~~ for use in determining premiums charged employers in the assigned risk plan ~~business~~ at least 30 days prior to their effective date. Assigned risk ~~premiums shall~~ rates must not be lower than rates generally charged by insurers for the business. ~~The commissioner shall fix the compensation received by the agent of record. The establishment of the assigned risk plan rates and agent fees are not subject to chapter 14.~~

(b) The rates filed by the board shall be deemed to meet the requirements of this chapter unless disapproved by the commissioner within 30 days after the filing is made. In disapproving a filing made pursuant to this section, the commissioner shall have the same authority, and follow the same procedure, as in disapproving a filing pursuant to section 79.58.

(c) The board shall fix the compensation received by the agent of record. Agent compensation shall be established at a level that is neither an incentive nor a disincentive to place an employer in the assigned risk plan. The establishment of the assigned risk plan rates and agent fees are not subject to chapter 14.

Sec. 5. Minnesota Statutes 1990, section 79.251, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATION.] The ~~commissioner~~ board of governors shall enter into service contracts as necessary or beneficial for accomplishing the purposes of the assigned risk plan. Services related to the administration of policies or contracts of coverage shall be performed by one or more qualified insurance companies licensed pursuant to section 60A.06, subdivision 1, clause (5), paragraph (b), or self-insurance administrators licensed pursuant to section 176.181, subdivision 2, clause (2), paragraph (a). A qualified insurer or self-insurance administrator shall possess sufficient fi-

nancial, professional, administrative, and personnel resources to provide the services contemplated in the contract. Services related to assignments, data management, assessment collection, and other services shall be performed by a licensed data service organization. The cost of those services is an obligation of the assigned risk plan.

Each insurer or self-insured administrator who performs services pursuant to this subdivision shall be required to report loss experience data to the Minnesota workers' compensation insurers association in accordance with the statistical plan and rules of the organization as approved by the commissioner, and shall keep a record of the premium and losses paid under each workers' compensation policy written in Minnesota in the form required by the commissioner.

Sec. 6. Minnesota Statutes 1990, section 79.251, subdivision 5, is amended to read:

Subd. 5. [ASSESSMENTS.] ~~The commissioner shall assess~~ All insurers licensed pursuant to section 60A.06, subdivision 1, clause (5), paragraph (b), shall be assessed an amount sufficient to fully fund the obligations of the assigned risk plan, if the ~~commissioner determines that the assets of the assigned risk plan are insufficient to meet its obligations~~ annual report of the board of governors reveals a deficit in the plan. The assessment must be made within 30 days of the date the annual report of the board is filed. The assessment of each insurer shall be in a proportion equal to the proportion which the amount of compensation insurance written in this state during the preceding calendar year by that insurer bears to the total compensation insurance written in this state during the preceding calendar year by all licensed insurers.

Sec. 7. Minnesota Statutes 1990, section 79.252, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The purpose of the assigned risk plan is to provide workers' compensation coverage to employers rejected by ~~a~~ two nonaffiliated licensed insurance ~~company~~ companies, pursuant to subdivision 2. One of these two rejections must come from the insurance company that most recently provided workers' compensation coverage to the employer, unless the employer had no previous coverage. Each rejection must be in writing and must be obtained within 60 days before the date of application to the assigned risk plan. In addition, the rejections must also show the name of the insurance company and the representative contacted.

Sec. 8. Minnesota Statutes 1990, section 79.252, subdivision 3, is amended to read:

Subd. 3. [COVERAGE.] (a) Policies and contracts of coverage issued pursuant to section 79.251, subdivision 4, shall contain the

usual and customary provisions of workers' compensation insurance policies, and shall be deemed to meet the mandatory workers' compensation insurance requirements of section 176.181, subdivision 2.

(b) Policies issued by the assigned risk plan pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, including coverages commonly known as "all states coverage." The board of governors may apply for and obtain any licensure required in any other state to issue that coverage.

Sec. 9. Minnesota Statutes 1990, section 79.252, subdivision 5, is amended to read:

Subd. 5. [RULES.] The commissioner may adopt rules, including ~~emergency~~ temporary rules, as may be necessary to implement section 79.251 and this section.

Sec. 10. Minnesota Statutes 1990, section 79.55, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS.] ~~No premium is excessive in a competitive market. In the absence of a competitive market,~~ Premiums are excessive if the expected underwriting profit, together with expected income from invested reserves for the market in question, that would accrue to an insurer would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business.

Sec. 11. Minnesota Statutes 1990, section 79.56, is amended by adding a subdivision to read:

Subd. 5. [RATE REGULATION.] (a) Whenever an insurer files a change in its existing rate level or rating plan, the commissioner may hold a hearing to determine if the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. The hearing must be conducted pursuant to chapter 14. The commissioner shall give notice of intent to hold a hearing within 90 days of the filing of the change. It is the responsibility of the insurer to show that the rate level or rating plan is not excessive, inadequate, or unfairly discriminatory. The rate level or rating plan is effective unless it is determined as a result of the hearing that the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. Upon such a finding, the rate level or rating plan is retroactively rescinded and any premiums collected under it must be refunded. This subdivision does not apply to any changes resulting from assessments for the assigned risk plan, reinsurance association, guarantee fund, special compensation fund, or statutory benefit level changes to sections 176.101, subdivisions 1, 2, and 4, 176.111, 176.132, and 176.645 as a result of annual adjustments in the statewide average weekly

wage. The disapproval of a rate level or rating plan under this subdivision must be done in the same manner as under section 70A.11, except that the standards of section 79.55 apply.

(b) Notwithstanding paragraph (a), if the commissioner of labor and industry petitions the commissioner for a hearing pursuant to this subdivision, the commissioner must hold a hearing if the commissioner of labor and industry certifies that the hearing is necessary because a decision of the supreme court or enactment of a statute has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner of labor and industry must make a prima facie showing that law change has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed.

(c) Notwithstanding paragraph (a), the commissioner may hold a hearing if the commissioner determines that the hearing is necessary because of circumstances which result in a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner must make a prima facie showing that the circumstances resulted in a substantial change in the basis upon which the existing rate levels or rating plan was filed.

Sec. 12. [79.565] [PARTICIPATION.]

An employer, or person representing a group of employers, that will be directly affected by a change in an insurer's existing rate level or rating plan filed under section 79.56, subdivision 5, and the commissioner of labor and industry, must be allowed to participate in any hearing under that subdivision challenging the change in rate level or rating plan as being excessive, inadequate, or unfairly discriminatory.

Sec. 13. Minnesota Statutes 1990, section 79.58, subdivision 2, is amended to read:

Subd. 2. [RATING PLANS.] The commissioner may disapprove a rating plan of a data service organization if, after a hearing conducted pursuant to chapter 14, the commissioner finds that it is excessive, inadequate, or unfairly discriminatory. The rating plan is effective until disapproved. It is the responsibility of the data service organization to show that the rating plan is not excessive, inadequate, or unfairly discriminatory. Any order of disapproval shall require the data service organization to use an alternative rating plan until approval of a rating plan by the commissioner. The commissioner shall not approve any rating plan based upon any data other than Minnesota data, except that other data may be utilized as a supplement to Minnesota data when the commissioner determines that an exceptional case requires such data to establish the statistical credibility of an occupational classification.

Sec. 14. Minnesota Statutes 1990, section 79.61, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED ACTIVITY.] Any data service organization shall perform the following activities:

(a) File statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign each compensation risk written by its members to its approved classification for reporting purposes;

(b) Establish requirements for data reporting and monitoring methods to maintain a high quality data base;

(c) Prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including, but not limited to the following elements:

(i) development factors and alternative derivations;

(ii) trend factors and alternative derivations and applications;

(iii) pure premium relativities for the approved classification system for which data are reported, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and

(iv) an evaluation of the effects of changes in law on loss data.

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization;

(d) Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner;

(e) Prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;

(f) Provide loss data specific to an insured to the insured at a reasonable cost;

(g) Distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; ~~and~~

(h) Assess its members for operating expenses on a fair and equitable basis;

(i) Separate the incurred but unreported losses of its members;

(j) Separate paid and outstanding losses of its members;

(k) Provide information indicating cases in which its members have established a reserve in excess of $50,000;

(l) File information based solely on Minnesota data concerning its members' premium income, indemnity, and medical benefits paid.

Sec. 15. [79.65] [DATA SERVICE ORGANIZATIONS; COVERAGE.]

Subdivision 1. [EXAMINATION BY COMMISSIONER.] Data service organizations are subject to all the provisions of this chapter. The commissioner or an authorized representative of the commissioner may visit the rating association at any reasonable time and examine, audit, or evaluate the rating association's operations, records, and practices. For purposes of this section, "authorized representative of the commissioner" includes employees of the departments of commerce or labor and industry or other parties retained by the commissioner. An examination under this section may be done of any member of data service organizations for purposes of workers' compensation insurance regulation.

Subd. 2. [COSTS AND EXPENSES.] The commissioner may order and the data service organization shall pay the costs and expenses of any examination, audit, or evaluation conducted pursuant to subdivision 1. If no order is issued, a sum sufficient to pay these costs and expenses is appropriated from the special compensation fund to the commissioner of commerce.

Sec. 16. [79.70] [INVESTIGATIONS AND SUBPOENAS.]

Subdivision 1. [GENERAL POWERS.] In connection with the administration of this chapter, the commissioner of commerce may:

(1) make public or private investigations within or without this state as the commissioner considers necessary to determine whether any person has violated or is about to violate this chapter or any rule

or order under this chapter, or to aid in the enforcement of this chapter, or in the prescribing of rules or forms under this chapter;

(2) require or permit any person to file a statement in writing, under oath or otherwise as the commissioner determines, as to all the facts and circumstances concerning the matter being investigated;

(3) hold hearings, upon reasonable notice, in respect to any matter arising out of the administration of this chapter;

(4) conduct investigations and hold hearings for the purpose of compiling information with a view to recommending changes in this chapter to the legislature;

(5) examine the books, accounts, records, and files of every licensee under this chapter and of every person who is engaged in any activity regulated under this chapter; the commissioner or a designated representative shall have free access during normal business hours to the offices and places of business of the person, and to all books, accounts, papers, records, files, safes, and vaults maintained in the place of business;

(6) publish information which is contained in any order issued by the commissioner; and

(7) require any person subject to this chapter to report all sales or transactions that are regulated under this chapter. The reports must be made within ten days after the commissioner has ordered the report. The report is accessible only to the respondent and other governmental agencies unless otherwise ordered by a court of competent jurisdiction.

Subd. 2. [POWER TO COMPEL PRODUCTION OF EVIDENCE.] For the purpose of any investigation, hearing, or proceeding under this chapter, the commissioner or a designated representative may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of books, papers, correspondence, memoranda, agreements, or other documents or records that the commissioner considers relevant or material to the inquiry.

Subd. 3. [COURT ORDERS.] In case of a refusal to appear or a refusal to obey a subpoena issued to any person, the district court, upon application by the commissioner, may issue to any person an order directing that person to appear before the commissioner, or the officer designated by the commissioner, to produce documentary evidence if so ordered or to give evidence relating to the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.

Subd. 4. [SCOPE OF PRIVILEGE.] No person is excused from attending and testifying or from producing any document or record before the commissioner, or from obedience to the subpoena of the commissioner or any officer designated by the commissioner or in a proceeding instituted by the commissioner, on the ground that the testimony or evidence required may tend to incriminate that person or subject that person to a penalty or forfeiture. No person may be prosecuted or subjected to a penalty or forfeiture for a transaction, matter, or thing concerning which the person is compelled, after claiming the privilege against self-incrimination, to testify or produce documentary or other evidence except that the individual is not exempt from prosecution and punishment for perjury or contempt committed in testifying.

Subd. 5. [LEGAL ACTIONS; INJUNCTIONS; CEASE AND DESIST ORDERS.] (a) Whenever it appears to the commissioner that any person has engaged in or is about to engage in any act or practice constituting a violation of this chapter, or any rule or order adopted under this chapter, the commissioner has the powers indicated under paragraphs (b) and (c).

(b) The commissioner may bring an action in the name of the state in the district court of the appropriate county to enjoin the acts or practices and to enforce compliance with this chapter, or any rule or order adopted or issued under this chapter, or the commissioner may refer the matter to the attorney general or the county attorney of the appropriate county. Upon a proper showing, a permanent or temporary injunction, restraining order, or other appropriate relief must be granted.

(c) The commissioner may issue and serve an order requiring a person to cease and desist from violations of this chapter, or any rule or order adopted or issued under this chapter. The order must give reasonable notice of the rights of the person to request a hearing and must state the reasons for the entry of the order. A hearing must be held not later than seven days after the request for the hearing is received by the commissioner. Within 20 days after receiving the administrative law judge's report, the commissioner shall issue a further order vacating the cease and desist order or making it permanent as the facts require. If no hearing is requested within 30 days of service of the order, the order will become final and will remain in effect until it is modified or vacated by the commissioner. Unless otherwise provided, all hearings must be conducted in accordance with chapter 14. If a person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person is in default, and the proceeding may be determined against that person upon consideration of the cease and desist order, the allegations of which may be considered to be true. The commissioner may adopt rules of procedure concerning all proceedings conducted under this paragraph.

Subd. 6. [VIOLATIONS AND PENALTIES.] The commissioner may impose a civil penalty not to exceed $2,000 per violation upon a person who violates this chapter, unless a different penalty is specified under this chapter.

Subd. 7. [ACTIONS AGAINST LICENSEES.] In addition to any other actions authorized by this section, the commissioner may, by order, deny, suspend, or revoke the authority or license of a person subject to this chapter, or censure that person if the commissioner finds that the order is in the public interest or the person has violated this chapter.

Subd. 8. [POWERS ADDITIONAL.] The powers contained in subdivisions 1 to 8 are in addition to all other powers of the commissioner.

Sec. 17. [79.75] [ACCESS TO INSURER.]

The commissioner, or the designated person, shall have free access during normal business hours to all books, records, securities, documents, and any or all papers relating to the property, assets, business, and affairs of any company, applicant, association, or person that may be examined pursuant to this chapter for the purpose of ascertaining, appraising, and evaluating the assets, conditions, affairs, operations, ability to fulfill obligations, and compliance with all the provisions of law of the company or person insofar as any of the above pertain to the business of insurance of a person, organization, or corporation transacting, having transacted, or being organized to transact business in this state. Every company or person being examined including officers, directors, and agents, shall provide to the commissioner or the designated person convenient and free access at all reasonable hours at its office to all books, records, securities, documents, and any or all papers relating to the property, assets, business, and affairs of the company or person. The officers, directors, and agents of the company or person shall facilitate the examination and aid in the examination so far as it is in their power to do so.

Sec. 18. Minnesota Statutes 1990, section 176A.03, is amended by adding a subdivision to read:

Subd. 3. [COVERAGE OUTSIDE STATE.] Policies issued by the fund pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, including coverages commonly known as "all states coverage." The fund may apply for and obtain any licensure required in any other state in order to issue the coverage.

Sec. 19. Minnesota Statutes 1990, section 221.141, subdivision 1, is amended to read:

Subdivision 1. [FINANCIAL RESPONSIBILITY OF CERTAIN CARRIERS.] No motor carrier and no interstate carrier shall operate a vehicle until it has obtained and has in effect the minimum amount of financial responsibility required by this section. Policies of insurance, surety bonds, other types of security, and endorsements must be continuously in effect and must remain in effect until canceled. Before providing transportation, the motor carrier or interstate carrier shall secure and cause to be filed with the commissioner and maintain in full effect, both a certificate of insurance in a form required by the commissioner, evidencing public liability insurance in the amount prescribed, and acceptable evidences of compliance with the workers' compensation insurance coverage requirements of section 176.181, subdivision 2, by providing the name of the insurance company, the policy number, and the dates of coverage, or the permit to self-insure. The insurance must cover injuries and damage to persons or property resulting from the operation or use of motor vehicles, regardless of whether each vehicle is specifically described in the policy. This insurance does not apply to injuries or death to the employees of the motor carrier or to property being transported by the carrier. The commissioner shall require cargo insurance for certificated carriers, except those carrying passengers exclusively. The commissioner may require a permit carrier to file cargo insurance when the commissioner deems necessary to protect the users of the service.

Sec. 20. [NOTICE OF INTENT TO CHALLENGE RATE LEVEL CHANGE.]

Notwithstanding Minnesota Statutes, section 79.56, subdivision 5, the commissioner shall have an additional 90 days to give notice of intent to hold a hearing pursuant to that section. This section applies only to challenges to an insurer's change in existing rate levels or rating plan filed between the date the 1992 report required under section 79.60 is approved by the commissioner of commerce and six months thereafter.

Sec. 21. [MANDATED REDUCTIONS.]

(a) As a result of the workers' compensation law changes in articles 1 to 4 and the resulting savings to the costs of Minnesota's workers' compensation system, an insurer's approved schedule of rates in effect on October 1, 1991, must be reduced by 17 percent and applied by the insurer to all policies issued, renewed, or outstanding on or after that date. An insurer may not adjust its filed rating plan to recoup the 17 percent mandated rate reduction under this section. The reduction must be computed on the basis of a 17 percent premium reduction prorated to the expiration of that policy. An insurer shall provide a written notice by November 1, 1991, to all employers having an outstanding policy with the insurer as of October 1, 1991, that reads as follows: "As a result of the changes in the workers' compensation insurance system enacted by the 1991

legislature, you are entitled to a credit or refund to your current premium in an amount of $..... which reflects a 17 percent mandated premium reduction prorated to the expiration of your policy."

(b) No rate increases may be filed between April 1, 1991 and January 1, 1992.

(c) The commissioner of labor and industry shall survey Minnesota employers to determine if the mandated workers' compensation insurance rate reductions required under this section have been implemented by insurers, both as to amount and in a manner that is uniform and nondiscriminatory between employers having similar risks with respect to a particular occupational classification. The commissioner shall present a report detailing the findings and conclusions to the legislature by March 1, 1992.

Sec. 22. [ADJUSTMENT.]

Within 60 days of final enactment of this legislation, the board shall determine whether any adjustment in the assigned risk rates in effect as of the date of enactment are required by this section.

Sec. 23. [REPEALER.]

Minnesota Statutes 1990, sections 79.54, 79.57, and 79.58, subdivision 1, are repealed.

Sec. 24. [EFFECTIVE DATE.]

This article is effective January 1, 1992; except that, section 21, paragraphs (a) and (c), are effective October 1, 1991; and section 21, paragraph (b), is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to workers' compensation; regulating benefits, providers, dispute resolution, and insurance; appropriating money; imposing penalties; amending Minnesota Statutes 1990, sections 15A.083, subdivision 7; 79.095; 79.251, subdivisions 1, 2, 3, 4, and 5; 79.252, subdivisions 1, 3, and 5; 79.55, subdivision 2; 79.56, by adding a subdivision; 79.58, subdivision 2; 79.61, subdivision 1; 176.011, subdivisions 3, 11a, 18, 27, and by adding a subdivision; 176.021, subdivision 3; 176.041, subdivision 1a; 176.061, subdivision 10, and by adding a subdivision; 176.081, subdivisions 1, 2, and 3; 176.101, subdivisions 1, 2, 4, 5, 6, and by adding subdivisions; 176.102, subdivisions 1, 2, 3, 3a, 4, 6, 7, 9, and 11; 176.105, subdivisions 1 and 4; 176.111, subdivisions 6, 7, 8, 12, 14, 15, 18, 20, and 21; 176.131, subdivision 8, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.135, subdivisions 1, 1a, 5, 6, and 7; 176.136, subdivisions 1, 2, and by adding subdivisions;

176.179; 176.183, subdivision 1; 176.215, by adding a subdivision; 176.221, subdivision 6a; 176.305, subdivision 1; 176.351, subdivision 2a; 176.421, subdivision 7; 176.442; 176.461; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176.82; 176.83, subdivisions 5, 6, and by adding a subdivision; 176A.03, by adding a subdivision; 221.141, subdivision 1; 268.08, subdivision 3; 353.33, subdivision 5; and 480A.06, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapters 79; and 176; repealing Minnesota Statutes 1990, sections 79.54; 79.57; 79.58, subdivision 1; 175.007; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, and 3u; 176.106; 176.111, subdivision 8a; 176.135, subdivision 3; and 176.136, subdivision 5."

A roll call was requested and properly seconded.

Sviggum moved to amend the Sviggum et al amendment to H. F. No. 1422, the third engrossment, as amended, as follows:

Page 44, line 13, delete "six" and insert "eight" and delete "$3,000" and insert "$4,000"

Page 46, line 16, delete everything after "(b)"

Page 46, delete lines 17 to 28

Page 46, line 29, delete "(c)"

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Sviggum et al amendment, as amended, and the roll was called.

Long moved that those not voting be excused from voting. The motion prevailed.

There were 65 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Abrams	Bodahl	Dille	Gruenes	Hufnagle
Anderson, R. H.	Boo	Erhardt	Gutknecht	Hugoson
Bertram	Cooper	Frederick	Hartle	Johnson, V.
Bettermann	Dauner	Frerichs	Haukoos	Kelso
Bishop	Davids	Girard	Heir	Knickerbocker
Blatz	Dempsey	Goodno	Henry	Koppendrayer

Krinkie	Morrison	Ozment	Seaberg	*Tompkins*
Leppik	Nelson, S.	Pauly	Smith	Uphus
Limmer	Newinski	Pellow	Sparby	Valento
Lynch	Olsen, S.	Peterson	Stanius	Waltman
Macklin	Omann	Runbeck	Steensma	Weaver
Marsh	Onnen	Schafer	Sviggum	Welker
McPherson	Ostrom	Schreiber	Swenson	Welle

Those who voted in the negative were:

Anderson, I.	Hanson	Lieder	Orenstein	Solberg
Battaglia	Hasskamp	Long	Orfield	Thompson
Bauerly	Hausman	Lourey	Osthoff	Trimble
Beard	Jacobs	Mariani	Pelowski	Tunheim
Begich	Janezich	McEachern	Pugh	Vellenga
Brown	Jaros	McGuire	Reding	Wagenius
Carlson	Jefferson	Milbert	Rest	Wejcman
Carruthers	Johnson, A.	Munger	Rice	Wenzel
Clark	Johnson, R.	Murphy	Rukavina	Winter
Dawkins	Kahn	Nelson, K.	Sarna	Spk. Vanasek
Dorn	Kalis	O'Connor	Scheid	
Farrell	Kinkel	Ogren	Segal	
Garcia	Krueger	Olson, E.	Simoneau	
Greenfield	Lasley	Olson, K.	Skoglund	

The motion did not prevail and the amendment, as amended, was not adopted.

Frerichs; Valento; Knickerbocker; Olsen, S.; Davids; Krinkie; Abrams; Frederick; Welker; Hugoson; Johnson, V.; Limmer; Pauly; Goodno; Runbeck; Waltman; Hufnagle; Smith; Omann; Stanius; Girard; Marsh; McPherson; Schafer; Pellow; Hartle; Anderson, R. H.; Weaver; Dille; Henry; Leppik; Bettermann; Uphus; Schreiber; Gutknecht; Sviggum and Dempsey moved to amend H. F. No. 1422, the third engrossment, as amended, as follows:

Pages 29 and 30, delete sections 2 to 5

Page 30, line 22, delete "Sections 2, 3 and"

Page 30, delete lines 23 and 24

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 Frerichs et al amendment and the roll was called.

Long 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:

Abrams	Erhardt	Jennings	Nelson, S.	Smith
Anderson, R. H.	Frederick	Johnson, V.	Newinski	Stanius
Bertram	Frerichs	Kelso	Olsen, S.	Sviggum
Bettermann	Girard	Knickerbocker	Olson, K.	Swenson
Bishop	Goodno	Koppendrayer	Omann	Tompkins
Blatz	Gruenes	Krinkie	Onnen	Uphus
Bodahl	Gutknecht	Leppik	Ozment	Valento
Boo	Hartle	Limmer	Pauly	Waltman
Cooper	Haukoos	Lynch	Pellow	Weaver
Dauner	Heir	Macklin	Runbeck	Welker
Davids	Henry	Marsh	Schafer	
Dempsey	Hufnagle	McPherson	Schreiber	
Dille	Hugoson	Morrison	Seaberg	

Those who voted in the negative were:

Anderson, I.	Hanson	Lourey	Pelowski	Steensma
Anderson, R.	Hausman	Mariani	Peterson	Thompson
Battaglia	Jacobs	McEachern	Pugh	Trimble
Bauerly	Janezich	McGuire	Reding	Tunheim
Beard	Jaros	Milbert	Rest	Vellenga
Begich	Jefferson	Munger	Rice	Wagenius
Brown	Johnson, A.	Murphy	Rodosovich	Wejcman
Carlson	Johnson, R.	Nelson, K.	Rukavina	Welle
Carruthers	Kahn	O'Connor	Sarna	Wenzel
Clark	Kalis	Ogren	Scheid	Winter
Dawkins	Kinkel	Olson, E.	Segal	Spk. Vanasek
Dorn	Krueger	Orenstein	Simoneau	
Farrell	Lasley	Orfield	Skoglund	
Garcia	Lieder	Osthoff	Solberg	
Greenfield	Long	Ostrom	Sparby	

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

Sviggum; Valento; Olsen, S.; Weaver; Frerichs; Swenson; Morrison; Goodno; Davids; Heir; Hufnagle; Omann; Waltman; Bettermann; Johnson, V.; Smith; Lynch; Uphus; Hugoson; Abrams; Haukoos; McPherson; Pauly; Welker; Henry; Hartle; Koppendrayer; Frederick; Pellow; Erhardt; Schafer; Dille; Schreiber; Girard; Stanius; Gutknecht; Leppik; Runbeck and Macklin moved to amend H. F. No. 1422, the third engrossment, as amended, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1990, 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 examination must be scheduled at a location within 150 miles of the employee's residence unless the employer can show cause to the department or a compensation judge to order an examination at a location further from the petitioner's residence. 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, in advance if requested, 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.

ARTICLE 2

WORKERS' COMPENSATION SYSTEM CHANGES

Section 1. Minnesota Statutes 1990, section 176.011, subdivision 11a, is amended to read:

Subd. 11a. [FAMILY FARM.] "Family farm" means any farm operation which (1) pays or is obligated to pay less than ~~$8,000~~ $20,000 in cash wages, exclusive of machine hire, to farm laborers for services rendered during the preceding calendar year, and (2) has total liability and medical payment coverage equal to $250,000 and $5,000, respectively, under a farm liability insurance policy. For purposes of this subdivision, farm laborer does not include any spouse, parent or child, regardless of age, of a farmer employed by the farmer, or any executive officer of a family farm corporation as defined in section 500.24, subdivision 2, or any spouse, parent or child, regardless of age, of such an officer employed by that family farm corporation, or other farmers in the same community or members of their families exchanging work with the employer. Notwithstanding any law to the contrary, a farm laborer shall not be considered as an independent contractor for the purposes of this chapter; provided that a commercial baler or commercial thresher shall be considered an independent contractor.

Sec. 2. Minnesota Statutes 1990, section 176.011, subdivision 18, is amended to read:

Subd. 18. [WEEKLY WAGE.] "Weekly wage" is arrived at by multiplying the daily wage by the number of days and fractional days normally worked in the business of the employer for the employment involved. If the employee normally works less than five days per week or works an irregular number of days per week, the number of days normally worked shall be computed by dividing the total number of days in which the employee actually performed any of the duties of employment in the last 26 weeks by the number of weeks in which the employee actually performed such duties, provided that the weekly wage for part time employment during a period of seasonal or temporary layoff shall be computed on the number of days and fractional days normally worked in the business of the employer for the employment involved. If, at the time of the injury, the employee was regularly employed by two or more employers, the employee's days of work for all such employments shall be included in the computation of weekly wage. Occasional overtime is not to be considered in computing the weekly wage, but if overtime is regular or frequent throughout the year it shall be taken into consideration. The maximum weekly compensation payable to an employee, or to the employee's dependents in the event of death, shall not exceed ~~66 2/3~~ 80 percent of the ~~product of the daily wage times the number of days normally worked~~ employee's after-tax weekly wage, provided that the compensation payable for permanent

partial disability under section 176.101, subdivision 3, and for permanent total disability under section 176.101, subdivision 4, or death under section 176.111, shall not be computed on less than the number of hours normally worked in the employment or industry in which the injury was sustained, subject also to such maximums as are specifically otherwise provided.

Sec. 3. Minnesota Statutes 1990, section 176.011, is amended by adding a subdivision to read:

Subd. 18a. [AFTER-TAX WEEKLY WAGE.] After-tax weekly wage means the weekly wage reduced by the amounts required to be withheld by the Federal Insurance Contributions Act, United States Code, title 16, sections 3101 to 3126, but without regard to the yearly maximum, and by state and federal income tax laws using as the number of allowances the number of exemptions that the employee is entitled to under federal law for the employee and the employee's dependents.

Sec. 4. Minnesota Statutes 1990, 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~~ 13. 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 compensation, 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 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 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 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 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 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 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~~ permanent partial compensation vests in an injured employee or in the employee's dependents under this chapter or, if none, in the employee's legal heirs 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.~~ The right is not abrogated by the employee's death prior to the making of the payment.

Sec. 5. Minnesota Statutes 1990, section 176.041, subdivision 4, is amended to read:

Subd. 4. [OUT-OF-STATE EMPLOYMENTS.] (a) Except as provided in paragraph (b), 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.

(b) An employee who has been hired outside of this state, or regularly performs the primary duties of employment outside of this state, and the employee's employer, are exempt from the provisions of this chapter while the employee is temporarily within this state performing work for the employer provided the employer has furnished workers' compensation insurance coverage under the workers' compensation law or other similar law of another state which covers the employee's employment while in this state. The benefits under the workers' compensation law or similar law of the other state, or other remedies under that state's law, are the exclusive remedy against the employer for any injury, whether resulting in death or not, received by the employee while working for that employer within this state. A certificate from the commissioner of labor and industry or other similar official of another state certifying that the employer is insured in that state and has provided extraterritorial coverage insuring its employees while working within this state is prima facie evidence that the employer carries workers' compensation insurance on those employees.

Sec. 6. Minnesota Statutes 1990, section 176.061, subdivision 10, is amended to read:

Subd. 10. [INDEMNITY.] Notwithstanding the provisions of chapter 65B or any other law to the contrary, an employer has a right of indemnity for any compensation paid or payable pursuant to this chapter, including temporary total compensation, temporary partial compensation, permanent partial disability, ~~economic recovery compensation, impairment compensation,~~ medical compensation, rehabilitation, death, and permanent total compensation.

Sec. 7. Minnesota Statutes 1990, section 176.081, subdivision 1, is amended to read:

Subdivision 1. (a) A fee for legal services of 25 percent of the first $4,000 of compensation awarded to the employee and 20 percent of the next $27,500 of compensation awarded to the employee is permissible and does not require approval by the commissioner, compensation judge, or any other party except as provided in ~~clause~~ paragraph (b). If the employer or the insurer or the defendant is given written notice of claims for legal services or disbursements, the claim shall be a lien against the amount paid or payable as compensation. In no case shall fees be calculated on the basis of any

undisputed portion of compensation awards. Allowable fees under this chapter shall be based solely upon genuinely disputed portions of claims, including disputes related to the payment of rehabilitation benefits or to other aspects of a rehabilitation plan. Fees for administrative conferences under ~~section~~ sections 176.106 and 176.239 shall be determined on an hourly basis, according to the criteria in subdivision 5.

(b) An attorney who is claiming legal fees ~~under this section~~ for representing an employee in a workers' compensation matter shall file a statement of ~~attorney's~~ attorney fees with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. A copy of the signed retainer agreement shall also be filed. The employee and insurer shall receive a copy of the statement. The statement shall be on a form prescribed by the commissioner and shall clearly and conspicuously state that the employee or insurer has ten calendar days to object to the attorney fees requested. If no objection is timely made by the employee or insurer, the amount requested shall be conclusively presumed reasonable providing the amount does not exceed the limitation in subdivision 1. The commissioner, compensation judge, or court of appeals shall issue an order granting the fees and the amount requested shall be awarded to the party requesting the fee.

If a timely objection is filed, or the fee is determined on an hourly basis, the commissioner, compensation judge, or court of appeals shall review the matter and make a determination based on the criteria in subdivision 5.

If no timely objection is made by an employer or insurer, reimbursement under subdivision 7 shall be made if the statement of fees requested this reimbursement.

(c) An attorney representing employers or insurers shall file a statement of attorney fees or wages with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. The statement of attorney fees or wages must contain the following information: the average hourly wage or the value of hours worked on that case if the attorney is an employee of the employer or insurer, the number of hours worked on that case, and the average hourly rate or amount charged an employer or insurer for that case if the attorney is not an employee of the employer or insurer.

(d) Employers and insurers may not pay attorney fees or wages for legal services of more than $6,500 per case unless the additional fees or wages are approved under subdivision 2.

Sec. 8. Minnesota Statutes 1990, 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 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 number of hours spent on the case, the basis for the request, and whether or not a hearing is requested. The application, with affidavit of service upon the ~~employee~~ attorney's client, 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. 9. Minnesota Statutes 1990, section 176.081, subdivision 3, is amended to read:

Subd. 3. ~~An employee who~~ A party that is dissatisfied with its attorney fees, may file an application for review by the workers' compensation court of appeals. Such application shall state the basis for the need of review and whether or not a hearing is requested. A copy of such application shall be served upon the party's attorney ~~for the employee~~ by the court administrator and if a hearing is requested by either party, the matter shall be set for hearing. The notice of hearing shall be served upon known interested parties. ~~The attorney for the employee shall be served with a notice of the hearing.~~ The workers' compensation court of appeals shall have the authority to raise ~~the question of~~ the issue of the attorney fees at any time upon its own motion and shall have continuing jurisdiction over attorney fees.

Sec. 10. Minnesota Statutes 1990, section 176.101, subdivision 1, is amended to read:

Subdivision 1. [TEMPORARY TOTAL DISABILITY.] (a) For an injury producing temporary total disability, the compensation is ~~66 2/3~~ 80 percent of the after-tax 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,~~ (b) The maximum weekly compensation payable is 105 percent of the statewide average weekly wage for the period ending December 31, of the preceding year.

~~(2)~~ (c) The minimum weekly compensation benefits for temporary total disability shall be not less than ~~50~~ 20 percent of the statewide average weekly wage or the injured employee's ~~actual~~ after-tax 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~~ (d) 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., and shall cease whenever any one of the following occurs:

(1) the disability ends;

(2) the employee returns to work;

(3) the employee retires by withdrawing from the labor market;

(4) the employee refuses an offer of work that is consistent with a plan of rehabilitation filed with the commissioner, which meets the requirements of section 176.102, subdivision 1, or, if no plan has been filed, that the employee can do in the employee's physical condition; or

(5) 90 days have passed after the employee has reached maximum medical improvement, except as provided in section 176.102, subdivision 11, paragraph (b).

(e) For purposes of paragraph (d), clause (5), the 90-day period after maximum medical improvement commences on the earlier of:

(1) the date that the employee receives a written medical report indicating that the employee has reached maximum medical improvement; or

(2) the date that the employer or insurer serves the report on the employee and the employee's legal representative and files a copy with the division.

(f) Once compensation has ceased under paragraph (d), clauses (1), (2), and (3), it may be recommenced at a later date if: the employee returns to work, the employee is laid off due to economic conditions or is medically unable to continue at the job, and the layoff or inability to continue occurs prior to 90 days after the employee reaches maximum medical improvement. Compensation recommenced under this paragraph is subject to cessation under paragraph (d). Recommenced compensation may not be paid beyond 90 days after the employee reaches maximum medical improvement, except as provided under section 176.102, subdivision 11, paragraph (b).

(g) Once compensation has ceased under paragraph (d), clauses (4) and (5), it may not be recommenced at a later date except as provided under section 176.102, subdivision 11, paragraph (b).

Sec. 11. Minnesota Statutes 1990, section 176.101, is amended by adding a subdivision to read:

Subd. 1a. [EXTENDED DISABILITY COMPENSATION.] (a) If an employee, who has a permanent partial disability, is not working because of the personal injury after payment of permanent partial disability benefits is complete, the employee shall be eligible for extended disability compensation. If an employee received any permanent partial compensation in a lump sum, payment will be considered complete after expiration of the period that the employee would have received permanent partial compensation had it been paid periodically.

(b) Extended disability compensation is paid at the rate for temporary total compensation, escalated under section 176.645, for the number of weeks equal to 246 multiplied by the employee's percentage rating of permanent partial disability, determined according to the rules adopted by the commissioner pursuant to section 176.105, subdivision 4. The total extended compensation for any injury may not exceed this product.

(c) Extended disability compensation shall cease if the employee is no longer disabled, returns to work, refuses a job offer described in subdivision 1, paragraph (d), clause (4), or retires from the labor market.

(d) An employee is not eligible for extended disability compensation if, at any time before the employee would have become eligible:

(1) the employee refuses a job offer, as described in subdivision 1, paragraph (d), clause (4); or

(2) the employee returns to work and terminates employment, unless the employee was medically unable to continue work or was terminated without just cause.

(e) An employee is eligible for extended compensation at any time after payment of permanent partial benefits is complete so long as the employee meets the qualifications of this section and has not been paid the maximum number of weeks under paragraph (b) for that injury; provided that, extended compensation may not be paid beyond 350 weeks after the date of injury.

Sec. 12. Minnesota Statutes 1990, section 176.101, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY PARTIAL DISABILITY.] (a) In all cases of temporary partial disability the compensation shall be ~~66 2/3 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.~~ paid as follows:

(1) for the first 26 weeks that the employee returns to work, the

compensation shall be 80 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition;

(2) for the second 26 weeks that the employee returns to work, the compensation shall be 60 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition; and

(3) for the third 26 weeks that the employee returns to work, the compensation shall be 40 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition.

(b) This compensation shall be paid during the period of disability 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 105 percent of the statewide average weekly wage.

(c) Temporary partial compensation may be paid only while the employee is working and earning less than the employee's weekly wage at the time of the injury. Except as provided in section 176.102, subdivision 11, paragraph (b), temporary partial compensation may not be paid after the employee has returned to work for 78 weeks or after 350 weeks after the date of injury, whichever occurs first.

Sec. 13. Minnesota Statutes 1990, section 176.101, is amended by adding a subdivision to read:

Subd. 3. [PERMANENT PARTIAL DISABILITY.] (a) Compensation for permanent partial disability is as provided in this subdivision. For permanent partial disability up to the percent of the whole body shown in the following schedule, the amount of compensation is equal to the proportion that the loss of function of the disabled part bears to the whole body multiplied by the amount aligned with that percent in the following schedule:

Percent of Disability	Amount
0-25	$ 75,000
26-30	80,000
31-35	85,000
36-40	90,000
41-45	95,000
46-50	100,000
51-55	120,000
56-60	140,000

61-65	160,000
66-70	180,000
71-75	200,000
76-80	240,000
81-85	280,000
86-90	320,000
91-95	360,000
96-100	400,000

An employee may not receive compensation for more than a 100 percent disability of the whole body, even if the employee sustains disability to two or more body parts.

(b) Permanent partial disability is payable upon cessation of temporary total disability under subdivision 1. If the employee is not working, the compensation is payable in installments at the same intervals and in the same amount as the initial temporary total disability rate. If the employee returns to work, the remaining compensation is payable in a lump sum 30 days after the employee returned to work provided the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at the job at the end of the period.

Sec. 14. Minnesota Statutes 1990, section 176.101, subdivision 4, is amended to read:

Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be ~~66 2/3~~ 80 percent of the ~~daily~~ after-tax weekly wage at the time of the injury, subject to a maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to the minimum weekly compensation for a temporary total disability. This compensation shall be paid during the permanent total disability of the injured employee but after a total of $25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply to any old age and survivor insurance benefits. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The depen-

dency of this person shall be determined as though the employee were deceased.

Sec. 15. Minnesota Statutes 1990, section 176.101, subdivision 5, is amended to read:

Subd. 5. [~~TOTAL DISABILITY~~ DEFINITION.] (a) For purposes of subdivision 4, permanent total disability means only:

(1) 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

(2) any other injury which totally and permanently incapacitates the employee from working at an occupation which brings the employee an income ~~constitutes total disability~~.

(b) For purposes of paragraph (a), clause (2), totally and permanently incapacitated means that the employee's physical disability, in combination with the employee's age, education and training, and experience, causes the employee to be unable to secure anything more than sporadic employment resulting in an insubstantial income. Local labor market conditions may not be considered in making the total and permanent incapacitation determination.

Sec. 16. Minnesota Statutes 1990, section 176.102, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] (a) This section only applies to vocational rehabilitation of injured employees and their spouses as provided under subdivision 1a. Physical rehabilitation of injured employees is considered treatment subject to section 176.135.

(b) Rehabilitation is intended to restore the injured employee~~, through physical and vocational rehabilitation,~~ so the employee may return to a job related to the employee's former employment or to a job in another work area which produces an economic status as close as possible to that the employee would have enjoyed without disability. Rehabilitation to a job with a higher economic status than would have occurred without disability is permitted if it can be demonstrated that this rehabilitation is necessary to increase the likelihood of reemployment. Economic status is to be measured not only by opportunity for immediate income but also by opportunity for future income.

Sec. 17. Minnesota Statutes 1990, 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 and shall by rule, subject to chapter 14, establish a fee schedule or otherwise limit fees charged by qualified rehabilitation consultants and vendors. The commissioner may hire qualified personnel to assist in the commissioner's duties under this section and may delegate the duties and performance.

Sec. 18. Minnesota Statutes 1990, 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~~ one member each ~~from~~ representing employers, insurers, ~~rehabilitation,~~ and medicine, ~~one member representing chiropractors, and four~~ two members each representing labor and rehabilitation vendors, and six members who are qualified rehabilitation consultants. 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 appeals from orders of the commissioner regarding certification approval of qualified rehabilitation consultants and 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.

Sec. 19. Minnesota Statutes 1990, section 176.102, subdivision 3a, is amended to read:

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, 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 vendors, and one member representing qualified rehabilitation consultants.

Sec. 20. Minnesota Statutes 1990, section 176.102, subdivision 4, is amended to read:

Subd. 4. [REHABILITATION PLAN; DEVELOPMENT.] (a) ~~An employer or insurer shall 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 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 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.~~ A rehabilitation consultation must be provided by the employer to an injured employee upon request of the employee, the employer, or the commissioner. If a rehabilitation consultation is requested, the employer shall provide a qualified rehabilitation consultant; except that, if the injured employee objects to the employer's selection, the employee may select a qualified rehabilitation consultant of the employee's own choosing within 30 days following the first in-person contact between the employee and the original qualified rehabilitation consultant. If the consultation indicates that rehabilitation services are appropriate under subdivision 1, the employer shall provide such services. If the consultation indicates that rehabilitation services are not appropriate under subdivision 1, the employer shall notify the employee of this determination within seven days after the consultation.

(b) In order to assist the commissioner in determining whether or

not to request rehabilitation consultation for an injured employee, an employer must notify the commissioner when the employee's temporary total disability will likely exceed 13 weeks. The notification must be made within 90 days from the date of the injury or when the likelihood of at least a 13-week disability can be determined, whichever is earlier, and must include a current physician's report.

(c) 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~~ or to 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.~~

(d) After the initial provision or selection of a qualified rehabilitation consultant as provided under paragraph (a), the employee may ~~choose~~ request 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~~ which shall be ~~determined~~ granted or denied by the commissioner or compensation judge according to the best interests of the parties.

(e) The employee and employer shall ~~enter into a program if one is prescribed in~~ develop a rehabilitation plan within 30 days of the rehabilitation consultation if the qualified rehabilitation consultant determines that rehabilitation is appropriate. A copy of the plan, including a target date for return to work, shall be submitted to the commissioner within 15 days after the plan has been developed.

~~(b)~~ (f) If the employer does not provide rehabilitation consultation,

or the employee does not select a qualified rehabilitation consultant, as ~~required by this section~~ provided under paragraph (a), the commissioner or compensation judge shall notify the employer that if the employer fails to ~~appoint~~ provide, or the employee fails to select, whichever is applicable, a qualified rehabilitation consultant ~~or other persons as permitted by clause (a)~~ within 15 days to conduct a rehabilitation consultation, the commissioner or compensation judge shall appoint a qualified rehabilitation consultant to provide the consultation at the expense of the employer unless the commissioner or compensation judge determines the consultation is not required.

~~(e)~~ (g) 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)~~ (h) The commissioner or compensation judge may waive rehabilitation services under this section if the commissioner or compensation judge is satisfied that the employee will return to work in the near future or that rehabilitation services will not be useful in returning an employee to work.

Sec. 21. Minnesota Statutes 1990, 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 plan that is not completed within six months or that will cost more than $3,000 must be specifically approved by the commissioner. This approval may not be waived by the parties.

Sec. 22. Minnesota Statutes 1990, section 176.102, subdivision 7, is amended to read:

Subd. 7. [PLAN IMPLEMENTATION; REPORTS.] (a) Upon request by the commissioner, insurer, employer or employee, medical and rehabilitation reports shall be made by the provider of the medical and rehabilitation service to the commissioner, insurer, employer, or employee.

(b) If a rehabilitation plan has not already been filed under subdivision 4, an employer shall report to the commissioner after 90 days from the date of the injury, but before 120 days therefrom, as

to what rehabilitation consultation and services, if any, have been provided to the injured employee or why rehabilitation consultation and services have not been provided.

Sec. 23. Minnesota Statutes 1990, section 176.102, subdivision 11, is amended to read:

Subd. 11. [RETRAINING; COMPENSATION.] (a) Retraining is limited to 156 weeks. An employee who has been approved for retraining may petition ~~the commissioner~~ for additional compensation not to exceed 25 percent of the compensation otherwise payable. If the commissioner or compensation judge determines that this additional compensation is warranted due to unusual or unique circumstances of the employee's retraining plan, the commissioner or compensation judge may award additional compensation in an amount ~~the commissioner determines is appropriate,~~ not to exceed the employee's request. This additional compensation shall cease at any time the commissioner or compensation judge determines the special circumstances are no longer present.

(b) Pursuant to section 176.101, subdivisions 1 and 2, temporary total disability or temporary partial disability shall be paid during a retraining plan that has been specifically approved under this section and for up to 90 days after the end of the plan; except that, payment during the 90-day period is subject to cessation in accordance with section 176.101, subdivision 1, paragraph (d), clauses (1) to (4). Compensation paid under this paragraph must cease if the employee terminates participation in the approved retraining plan without good cause.

Sec. 24. Minnesota Statutes 1990, section 176.105, subdivision 1, is amended to read:

Subdivision 1. (a) The commissioner of labor and industry shall by rule establish a schedule of degrees of disability resulting from different kinds of injuries. The commissioner, in consultation with the medical services review board, shall annually review these rules to determine whether any injuries omitted from the schedule should be compensable and, if so, amend the rules accordingly.

(b) Disability ratings for permanent partial disability must be based on objective medical evidence.

Sec. 25. Minnesota Statutes 1990, section 176.111, subdivision 6, is amended to read:

Subd. 6. [SPOUSE, NO DEPENDENT CHILD.] If the deceased employee leaves a dependent surviving spouse and no dependent child, there shall be paid to the spouse weekly workers' compensation benefits at ~~50~~ 80 percent of the after-tax weekly wage at the

time of the injury for a period of ten years, including adjustments as provided in section 176.645.

Sec. 26. Minnesota Statutes 1990, section 176.111, subdivision 7, is amended to read:

Subd. 7. [SPOUSE, ONE DEPENDENT CHILD.] If the deceased employee leaves a surviving spouse and one dependent child, there shall be paid to the surviving spouse for the benefit of the spouse and child ~~60~~ 80 percent of the ~~daily~~ after-tax weekly wage at the time of the injury of the deceased until the child is no longer a dependent as defined in subdivision 1. ~~At that time there shall be paid to the dependent surviving spouse weekly benefits at a rate which is 16-2/3 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, including adjustments as provided in section 176.645.~~

Sec. 27. Minnesota Statutes 1990, section 176.111, subdivision 8, is amended to read:

Subd. 8. [SPOUSE, TWO DEPENDENT CHILDREN.] If the deceased employee leaves a surviving spouse and two dependent children, there shall be paid to the surviving spouse for the benefit of the spouse and children ~~66-2/3~~ 80 percent of the ~~daily~~ after-tax weekly wage at the time of the injury of the deceased until the last dependent child is no longer dependent. ~~At that time the dependent surviving spouse shall be paid weekly benefits at a rate which is 25 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, adjusted according to section 176.645.~~

Sec. 28. Minnesota Statutes 1990, section 176.111, subdivision 12, is amended to read:

Subd. 12. [ORPHANS.] If the deceased employee leaves a dependent orphan, there shall be paid ~~55~~ 80 percent of the after-tax weekly wage at the time of the injury of the deceased, for two or more orphans there shall be paid ~~66-2/3~~ 80 percent of the ~~wages~~ after-tax weekly wage.

Sec. 29. Minnesota Statutes 1990, section 176.111, subdivision 14, is amended to read:

Subd. 14. [PARENTS.] If the deceased employee leave no surviving spouse or child entitled to any payment under this chapter, but leaves both parents wholly dependent on deceased, there shall be paid to such parents jointly ~~45~~ 80 percent of the after-tax weekly wage at the time of the injury of the deceased. In case of the death

of either of the wholly dependent parents the survivor shall receive ~~35~~ 80 percent of the after-tax weekly wage thereafter. If the deceased employee leave one parent wholly dependent on the deceased, there shall be paid to such parent ~~35~~ 80 percent of the after-tax weekly wage at the time of the injury of the deceased employee. The compensation payments under this section shall not exceed the actual contributions made by the deceased employee to the support of the employee's parents for a reasonable time immediately prior to the injury which caused the death of the deceased employee.

Sec. 30. Minnesota Statutes 1990, section 176.111, subdivision 15, is amended to read:

Subd. 15. [REMOTE DEPENDENTS.] If the deceased employee leaves no surviving spouse or child or parent entitled to any payment under this chapter, but leaves a grandparent, grandchild, brother, sister, mother-in-law, or father-in-law wholly dependent on the employee for support, there shall be paid to such dependent, if but one, ~~30~~ 40 percent of the after-tax weekly wage at the time of injury of the deceased, or if more than one, ~~35~~ 45 percent of the after-tax weekly wage at the time of the injury of the deceased, divided among them share and share alike.

Sec. 31. Minnesota Statutes 1990, section 176.111, subdivision 20, is amended to read:

Subd. 20. [ACTUAL DEPENDENTS, COMPENSATION.] Actual dependents are entitled to take compensation in the order named in subdivision 3 during dependency until ~~66 2/3~~ 80 percent of the after-tax weekly wage of the deceased at the time of injury is exhausted. The total weekly compensation to be paid to full actual dependents of a deceased employee shall not exceed in the aggregate an amount equal to the maximum weekly compensation for a temporary total disability.

Sec. 32. Minnesota Statutes 1990, section 176.111, subdivision 21, is amended to read:

Subd. 21. [DEATH, BENEFITS; COORDINATION WITH GOVERNMENTAL SURVIVOR BENEFITS.] The following provision shall apply to any dependent entitled to receive weekly compensation benefits under this section as the result of the death of an employee, and who is also receiving or entitled to receive benefits under any government survivor program:

The combined total of weekly government survivor benefits and workers' compensation death benefits provided under this section shall not exceed 100 percent of the after-tax weekly wage being earned by the deceased employee at the time of the injury causing death; provided, however, that no state workers' compensation death benefit shall be paid for any week in which the survivor benefits paid

under the federal program, by themselves, exceed 100 percent of such weekly wage provided, however, the workers' compensation benefits payable to a dependent surviving spouse shall not be reduced on account of any governmental survivor benefits payable to decedent's children if the support of the children is not the responsibility of the dependent surviving spouse.

For the purposes of this subdivision "dependent" means dependent surviving spouse together with all dependent children and any other dependents. For the purposes of this subdivision, mother's or father's insurance benefits received pursuant to United States Code, title 42, section 402(g), are benefits under a government survivor program.

Sec. 33. Minnesota Statutes 1990, 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~~ $3,500 in medical expenses, subject to the exceptions in paragraphs (a) and (b):

(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 special compensation fund shall not reimburse permanent partial disability, medical expenses, or rehabilitation expenses.

(c) Reimbursement for compensation paid shall be at the rate of 75 percent.

Sec. 34. Minnesota Statutes 1990, section 176.131, subdivision 1a, is amended to read:

Subd. 1a. If an employee is employed in an on-the-job training program pursuant to an approved rehabilitation plan under section 176.102 and the employee incurs a personal injury that aggravates the personal injury for which the employee has been certified to

enter the on-the-job training program, the on-the-job training employer shall pay the medical expenses and compensation required by this chapter, and shall be reimbursed from the special compensation fund for the compensation and medical expense that is attributable to the aggravated injury; except that, reimbursement for compensation paid shall be at the rate of 75 percent. The employer, at the time of the personal injury for which the employee has been approved for on-the-job training, is liable for the portion of the disability that is attributable to that injury.

Sec. 35. Minnesota Statutes 1990, section 176.131, subdivision 2, is amended to read:

Subd. 2. If the employee's personal injury results in disability or death, and if the injury, death, or disability would not have occurred except for the preexisting physical impairment registered with the special compensation fund, the employer shall pay all compensation provided by this chapter, and shall be ~~fully~~ reimbursed from the special compensation fund for the compensation, except that:

(1) this ~~full~~ reimbursement shall not be made for cardiac disease or a condition registered pursuant to subdivision 8, clause (u) or (v), unless the commissioner by rule provides otherwise; and

(2) reimbursement for compensation paid shall be at the rate of 75 percent.

Sec. 36. Minnesota Statutes 1990, 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) mental retardation or other related conditions,

(u) any other physical impairment resulting in a disability rating of at least ~~ten~~ 25 percent of the whole body if the physical impairment were evaluated according to standards used in workers' compensation proceedings, and

(v) 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.

"Mental retardation" means significantly subaverage intellectual functioning existing concurrently with demonstrated deficits in adaptive behavior that require supervision and protection for the person's welfare or the public welfare.

"Other related conditions" means severe chronic disabilities that are (i) attributable to cerebral palsy, epilepsy, autism, or any other condition, other than mental illness, found to be closely related to mental retardation because the condition results in impairment of general intellectual functioning or adaptive behavior similar to that of persons with mental retardation or requires treatment or services similar to those required for persons with mental retardation; (ii) likely to continue indefinitely; and (iii) result in substantial functional limitations in three or more of the following areas of major life activity: self-care, understanding and use of language, learning, mobility, self-direction, or capacity for independent living.

Sec. 37. Minnesota Statutes 1990, section 176.131, is amended by adding a subdivision to read:

Subd. 13. [APPLICABLE LAW.] The right to reimbursement under this section is governed by the law in effect on the date of the subsequent injury.

Sec. 38. Minnesota Statutes 1990, 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, and before August 1, 1991, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. 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.

(b) An employee who has suffered personal injury after August 1, 1991, that caused a permanent total disability, as defined in section

176.101, subdivision 5, is eligible to receive supplementary benefits after four years have elapsed since the first date of the total disability, provided that the employee continues to have a permanent total disability.

Sec. 39. Minnesota Statutes 1990, section 176.132, subdivision 2, is amended to read:

Subd. 2. [AMOUNT.] (a) The supplementary benefit payable under this section ~~shall be the difference between~~ is:

(1) the sum of the amount the employee receives ~~on or after January 1, 1976,~~ under section 176.101, subdivision ~~1 or~~ 4, ~~and 65~~ plus the amount of any disability benefits being paid by any government disability benefit program if those benefits are occasioned by the same injury or injuries giving rise to payments under section 176.101, subdivision 4, plus any old age and survivor's insurance benefits, subtracted from

(2) 50 percent of the statewide average weekly wage, as computed annually.

(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation because of a credit being applied as the result of a third party liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or ~~65~~ 50 percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.

(c) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section. Attorney's fees shall be allowed in settlements of claims for supplementary benefits in accordance with this chapter.

(d) ~~In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 65 percent of the statewide average weekly wage as computed annually.~~

~~(e)~~ In the event that an eligible recipient is receiving simultaneous benefits from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provisions of United States Code, title 42, section 424a(d), this reduction shall not apply.

~~(f)~~ (e) Notwithstanding any other provision in this subdivision to the contrary, if the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provision of United States Code, title 42, section 424a(d), the calculation of supplementary benefits payable to the individual shall be as provided under this section in Minnesota Statutes ~~1988~~ 1990.

Sec. 40. Minnesota Statutes 1990, section 176.132, subdivision 3, is amended to read:

Subd. 3. [PAYMENT.] The payment of supplementary benefits shall be the responsibility of the employer or insurer ~~currently paying total disability benefits, or any other payer of such benefits. When the eligible individual is not currently receiving benefits because the total paid has reached the maximum prescribed by law the employer and insurer shall, nevertheless, pay the supplementary benefits that are prescribed by law~~. The employer or insurer paying the supplementary benefit shall have the right of full reimbursement from the special compensation fund for the amount of such benefits paid.

Sec. 41. Minnesota Statutes 1990, section 176.136, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE.] (a) The commissioner shall by rule establish procedures for determining whether or not the charge for a health service is excessive. In order to accomplish this purpose, the commissioner shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups. The procedures established by the commissioner ~~shall~~ must limit the charges allowable for medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135, based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing.

(b) The medical fee rules for providers other than hospitals, which are promulgated on October 1, 1990, and based upon 1989 medical cost data, must remain in effect until September 30, 1992; and the medical fee rules for providers other than hospitals, which are

promulgated on October 1, 1992, must be based on the 1990 medical cost data and must remain in effect until September 30, 1993.

(c) The procedures established by the commissioner for determining whether or not the charge for a health service is excessive ~~shall~~ must be structured to encourage providers to develop and deliver services for rehabilitation of injured workers. The procedures ~~shall~~ must incorporate the provisions of sections 144.701, 144.702, and 144.703 to the extent that the commissioner finds that these provisions effectively accomplish the intent of this section or are otherwise necessary to insure that quality hospital care is available to injured employees.

Sec. 42. Minnesota Statutes 1990, section 176.136, is amended by adding a subdivision to read:

Subd. 1a. [CHARGES FOR INDEPENDENT MEDICAL EXAMINATIONS.] The commissioner shall adopt rules that reasonably limit amounts which may be charged for, or in connection with, independent or adverse medical examinations requested by any party, including the amount that may be charged for depositions, witness fees, or other expenses. The scheduled amount for the examination itself may not exceed the scheduled amount for complex consultations by treating physicians, although additional reasonable charges may be permitted to reflect additional duties or activities. An insurer or employer may not pay fees above the amount in the schedule.

Sec. 43. Minnesota Statutes 1990, 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~~ 60 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~~ 60 days of notice or knowledge. After the ~~30-day~~ 60-day period, payment may be terminated only by the filing of a notice as provided under section 176.239. 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. 44. Minnesota Statutes 1990, section 176.645, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under ~~section~~ sections 176.101, subdivisions 1, 2 and ~~4,~~ 4; and ~~section~~ 176.111, subdivision 5, the total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1981, and thereafter on the anniversary of the date of the employee's injury the total benefits due shall be adjusted by multiplying the total benefits due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on October 1, 1977 or thereafter under this section shall exceed ~~six~~ four percent a year. In those instances where the adjustment under the formula of this section would exceed this maximum the increase shall be deemed to be ~~six~~ four percent.

Sec. 45. Minnesota Statutes 1990, section 176.645, subdivision 2, is amended to read:

Subd. 2. [TIME OF FIRST ADJUSTMENT.] For injuries occurring on or after October 1, 1981, the initial adjustment made pursuant to

subdivision 1 ~~shall be~~ is deferred until the first anniversary of the date of the injury. For injuries occurring on or after August 1, 1991, the initial adjustment under subdivision 1 is deferred until the third anniversary of the date of injury.

Sec. 46. Minnesota Statutes 1990, section 176.66, subdivision 11, is amended to read:

Subd. 11. [AMOUNT OF COMPENSATION.] The compensation for an occupational disease is ~~66 2/3~~ 80 percent of the employee's after-tax weekly wage on the date of injury subject to a maximum compensation equal to the maximum compensation in effect on the date of last exposure. The employee shall be eligible for supplementary benefits notwithstanding the provisions of section 176.132, after four years have elapsed since the date of last significant exposure to the hazard of the occupational disease if that employee's weekly compensation rate is less than the current supplementary benefit rate.

Sec. 47. [176.90] [AFTER-TAX CALCULATION.]

For purposes of sections 176.011, subdivision 18; 176.101, subdivisions 1, 2, 3, and 4; 176.111, subdivisions 6, 7, 8, 12, 14, 15, 20, and 21; and 176.66, the commissioner shall publish by September 1 of each year tables or formulas for determining the after-tax weekly wage to take effect the following October 1. The tables or formulas must be based on the applicable federal income tax and social security laws and state income tax laws in effect on the preceding April 1. These tables or formulas are conclusive for the purposes of converting weekly wage into after-tax weekly wage. The commissioner may contract with the department of revenue or any other person or organization in order to adopt the tables or formulas. The adoption of the tables or formulas is exempt from the administrative rulemaking provisions of chapter 14.

Sec. 48. [176.95] [ADMINISTRATIVE COSTS.]

The annual cost to the commissioner of labor and industry of administering the workers' compensation system under this chapter must be charged to the state general fund. Administrative costs include the cost of administering the workers' compensation division of the department of labor and industry and the workers' compensation division of the office of administrative hearings.

Sec. 49. [ADMINISTRATIVE COSTS CHANGE-OVER.]

For the biennium beginning July 1, 1991, 50 percent of the costs of administering the workers' compensation system must be charged to the state general fund and 50 percent to the special compensation fund.

Sec. 50. [EXISTING DISABILITY RATINGS.]

Existing disability ratings adopted under Minnesota Statutes, section 176.105, subdivision 1, may not be changed before June 30, 1994.

Sec. 51. [AFTER-TAX CALCULATION.]

Notwithstanding section 47, the commissioner of labor and industry shall publish by July 15, 1991, a table or formula for determining the after-tax weekly wage effective August 1, 1991, until October 1, 1991, as otherwise required under that section.

Sec. 52. [APPROPRIATION.]

$434,800 is appropriated from the workers' compensation special compensation fund to the commissioner of labor and industry to administer the workers' compensation system in accordance with this article. $124,800 is for fiscal year 1991 and is available until June 30, 1992. $310,000 is for fiscal year 1992. The approved complement of the department of labor and industry is increased by ten positions.

Sec. 53. [REPEALER.]

Minnesota Statutes 1990, sections 176.011, subdivision 26; and 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 6, are repealed.

Sec. 54. [EFFECTIVE DATE.]

Sections 5, 17, 18, 19, 24, 43, 47, 50, and 51 are effective the day following final enactment. Section 48 is effective July 1, 1994. Notwithstanding Minnesota Statutes, section 176.1321, sections 1 to 4, 6 to 16, 20 to 23, 25 to 41, 44 to 46, 49, and 53 are effective August 1, 1991. Section 42 is effective January 1, 1992.

ARTICLE 3

WORKERS' COMPENSATION INSURANCE

Section 1. Minnesota Statutes 1990, section 79.095, is amended to read:

79.095 [APPOINTMENT OF ACTUARY.]

The commissioner ~~shall~~ may employ the services of ~~a~~ casualty ~~actuary~~ actuaries experienced in ~~worker's~~ workers' compensation whose duties shall include but not be limited to investigation of

complaints by insured parties relative to rates, rate classifications, or discriminatory practices of an insurer. The salary of ~~the~~ an actuary employed pursuant to this section is not subject to the provisions of section 43A.17, subdivision 1.

Sec. 2. Minnesota Statutes 1990, section 79.55, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS.] ~~No premium is excessive in a competitive market. In the absence of a competitive market,~~ Premiums are excessive if the expected underwriting profit, together with expected income from invested reserves for the market in question, that would accrue to an insurer would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business.

Sec. 3. Minnesota Statutes 1990, section 79.56, is amended by adding a subdivision to read:

Subd. 5. [RATE REGULATION.] (a) Whenever an insurer files a change in its existing rate level or rating plan, the commissioner may hold a hearing to determine if the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. The hearing must be conducted pursuant to chapter 14. The commissioner shall give notice of intent to hold a hearing within 90 days of the filing of the change. It is the responsibility of the insurer to show that the rate level or rating plan is not excessive, inadequate, or unfairly discriminatory. The rate level or rating plan is effective unless it is determined as a result of the hearing that the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. Upon such a finding, the rate level or rating plan is retroactively rescinded and any premiums collected thereunder must be refunded. This subdivision does not apply to any changes resulting from assessments for the assigned risk plan, reinsurance association, guarantee fund, special compensation fund, or statutory benefit level changes to sections 176.101, subdivisions 1, 2, and 4; 176.111; 176.132; and 176.645 as a result of annual adjustments in the statewide average weekly wage. The disapproval of a rate level or rating plan under this subdivision must be done in the same manner as under section 70A.11, except that the standards of section 79.55 apply.

(b) Notwithstanding paragraph (a), if the commissioner of labor and industry petitions the commissioner for a hearing pursuant to this subdivision, the commissioner must hold a hearing if the commissioner of labor and industry certifies that the hearing is necessary because a decision of the supreme court or enactment of a statute has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner of labor and industry must make a prima facie showing that law change has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed.

(c) Notwithstanding paragraph (a), the commissioner may hold a hearing if the commissioner determines that the hearing is necessary because of circumstances which result in a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner must make a prima facie showing that the circumstances resulted in a substantial change in the basis upon which the existing rate levels or rating plan was filed.

Sec. 4. [79.561] [PARTICIPATION.]

An employer, or person representing a group of employers, which will be directly affected by a change in an insurer's existing rate level or rating plan filed under section 3, and the commissioner of labor and industry, must be allowed to participate in any hearing under that subdivision challenging the change in rate level or rating plan as being excessive, inadequate, or unfairly discriminatory.

Sec. 5. Minnesota Statutes 1990, section 79.58, subdivision 2, is amended to read:

Subd. 2. [RATING PLANS.] The commissioner may disapprove a rating plan of a data service organization if, after a hearing conducted pursuant to chapter 14, the commissioner finds that it is excessive, inadequate, or unfairly discriminatory. The rating plan is effective until disapproved. It is the responsibility of the data service organization to show that the rating plan is not excessive, inadequate, or unfairly discriminatory. Any order of disapproval shall require the data service organization to use an alternative rating plan until approval of a rating plan by the commissioner. The commissioner shall not approve any rating plan based upon any data other than Minnesota data, except that other data may be utilized as a supplement to Minnesota data when the commissioner determines that an exceptional case requires such data to establish the statistical credibility of an occupational classification.

Sec. 6. Minnesota Statutes 1990, section 79.61, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED ACTIVITY.] Any data service organization shall perform the following activities:

(a) File statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign each compensation risk written by its members to its approved classification for reporting purposes;

(b) Establish requirements for data reporting and monitoring methods to maintain a high quality data base;

(c) Prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including, but not limited to the following elements:

(i) development factors and alternative derivations;

(ii) trend factors and alternative derivations and applications;

(iii) pure premium relativities for the approved classification system for which data are reported, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and

(iv) an evaluation of the effects of changes in law on loss data.

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization;

(d) Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner;

(e) Prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;

(f) Provide loss data specific to an insured to the insured at a reasonable cost;

(g) Distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; ~~and~~

(h) Assess its members for operating expenses on a fair and equitable basis;

(i) Separate the incurred but not reported losses of its members;

(j) Separate paid and outstanding losses of its members;

(k) Provide information indicating cases in which its members have established a reserve in excess of $50,000;

(l) Provide information on the income on invested reserves of its members;

(m) Provide information as to policies written at other than the filed rates;

(n) File information based solely on Minnesota premium income of its members concerning investment income, legal expenses, subrogation recoveries, administrative expenses, and commission expenses;

(o) File information based solely on Minnesota data concerning its members' reserving practices, premium income, indemnity, and medical benefits paid; and

(p) Provide any records of the data service organizations that are requested by the commissioner or otherwise required by statute.

Sec. 7. [79.65] [CHAPTER APPLICABILITY TO DATA SERVICE ORGANIZATIONS.]

Subdivision 1. [EXAMINATION BY COMMISSIONER.] Data service organizations are subject to all the provisions of this chapter. The commissioner or an authorized representative of the commissioner may visit the rating association at any reasonable time and examine, audit, or evaluate the rating association's operations, records, and practices. For purposes of this section, "authorized representative of the commissioner" includes employees of the departments of commerce or labor and industry or other parties retained by the commissioner. Examination under this section may be done of any member of data service organizations for purposes of workers' compensation insurance regulation.

Subd. 2. [COSTS AND EXPENSES.] The commissioner may order and the data service organization shall pay the costs and expenses of any examination, audit, or evaluation conducted pursuant to subdivision 1. A sum sufficient to pay these costs and expenses is appropriated from the special compensation fund to the commissioner of commerce.

Sec. 8. [79.651] [INVESTIGATIONS AND SUBPOENAS.]

Subdivision 1. [GENERAL POWERS.] In connection with the administration of this chapter, the commissioner of commerce may:

(1) make public or private investigations within or without this state as the commissioner considers necessary to determine whether

any person has violated or is about to violate this chapter or any rule or order under this chapter, or to aid in the enforcement of this chapter, or in the prescribing of rules or forms under this chapter;

(2) require or permit any person to file a statement in writing, under oath or otherwise as the commissioner determines, as to all the facts and circumstances concerning the matter being investigated;

(3) hold hearings, upon reasonable notice, in respect to any matter arising out of the administration of this chapter;

(4) conduct investigations and hold hearings for the purpose of compiling information with a view to recommending changes in this chapter to the legislature;

(5) examine the books, accounts, records, and files of every licensee under this chapter and of every person who is engaged in any activity regulated under this chapter; the commissioner or a designated representative shall have free access during normal business hours to the offices and places of business of the person, and to all books, accounts, papers, records, files, safes, and vaults maintained in the place of business;

(6) publish information which is contained in any order issued by the commissioner; and

(7) require any person subject to this chapter to report all sales or transactions that are regulated under this chapter.

The reports must be made within ten days after the commissioner has ordered the report. The report is accessible only to the respondent and other governmental agencies unless otherwise ordered by a court of competent jurisdiction.

Subd. 2. [POWER TO COMPEL PRODUCTION OF EVIDENCE.] For the purpose of any investigation, hearing, or proceeding under this chapter, the commissioner or a designated representative may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of books, papers, correspondence, memoranda, agreements, or other documents or records that the commissioner considers relevant or material to the inquiry.

Subd. 3. [COURT ORDERS.] In case of a refusal to appear or a refusal to obey a subpoena issued to any person, the district court, upon application by the commissioner, may issue to any person an order directing that person to appear before the commissioner, or the officer designated by the commissioner, there to produce documentary evidence if so ordered or to give evidence relating to the

matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.

Subd. 4. [SCOPE OF PRIVILEGE.] No person is excused from attending and testifying or from producing any document or record before the commissioner, or from obedience to the subpoena of the commissioner or any officer designated by the commissioner or in a proceeding instituted by the commissioner, on the ground that the testimony or evidence required may tend to incriminate that person or subject that person to a penalty of forfeiture. No person may be prosecuted or subjected to a penalty or forfeiture for or on account of a transaction, matter, or thing concerning which the person is compelled, after claiming the privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that the individual is not exempt from prosecution and punishment for perjury or contempt committed in testifying.

Subd. 5. [LEGAL ACTIONS; INJUNCTIONS; CEASE AND DESIST ORDERS.] Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter, or any rule or order adopted under this chapter, the commissioner has the following powers: (1) the commissioner may bring an action in the name of the state in the district court of the appropriate county to enjoin the acts or practices and to enforce compliance with this chapter, or any rule or order adopted or issued under this chapter, or the commissioner may refer the matter to the attorney general or the county attorney of the appropriate county. Upon a proper showing, a permanent or temporary injunction, restraining order, or other appropriate relief must be granted; and (2) the commissioner may issue and cause to be served upon the person an order requiring the person to cease and desist from violations of this chapter, or any rule or order adopted or issued under this chapter. The order must be calculated to give reasonable notice of the rights of the person to request a hearing and must state the reasons for the entry of the order. A hearing must be held not later than seven days after the request for the hearing is received by the commissioner, after which and within 20 days after receiving the administrative law judge's report, the commissioner shall issue a further order vacating the cease and desist order or making it permanent as the facts require. If no hearing is requested within 30 days of service of the order, the order will become final and will remain in effect until it is modified or vacated by the commissioner. Unless otherwise provided, all hearings must be conducted in accordance with chapter 14. If the person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person is in default, and the proceeding may be determined against that person upon consideration of the cease and desist order, the allegations of which may be considered to be true. The commissioner may adopt rules of procedure concerning all proceedings conducted under this subdivision.

Subd. 6. [VIOLATIONS AND PENALTIES.] The commissioner may impose a civil penalty not to exceed $2,000 per violation upon a person who violates this chapter, unless a different penalty is specified.

Subd. 7. [ACTIONS AGAINST LICENSEES.] In addition to any other actions authorized by this section, the commissioner may, by order, deny, suspend, or revoke the authority or license of a person subject to this chapter, or censure that person if the commissioner finds that:

(1) the order is in the public interest; or

(2) the person has violated this chapter.

Subd. 8. [STOP ORDER.] In addition to any other actions authorized by this section, the commissioner may issue a stop order denying effectiveness to or suspending or revoking any registration subject to this chapter.

Subd. 9. [POWERS ADDITIONAL.] The powers contained in subdivisions 1 to 8 are in addition to all other powers of the commissioner.

Sec. 9. [79.652] [ACCESS TO INSURER.]

The commissioner, or the designated person, shall have free access during normal business hours to all books, records, securities, documents, and any or all papers relating to the property, assets, business, and affairs of any company, applicant, association, or person which may be examined pursuant to this act for the purpose of ascertaining, appraising, and evaluating the assets, conditions, affairs, operations, ability to fulfill obligations, and compliance with all the provisions of law of the company or person insofar as any of the above pertain to the business of insurance of a person, organization, or corporation transacting, having transacted, or being organized to transact business in this state. Every company or person being examined, its officers, directors, and agents, shall provide to the commissioner or the designated person convenient and free access at all reasonable hours at its office to all its books, records, securities, documents, any or all papers relating to the property, assets, business, and affairs of the company or person. The officers, directors, and agents of the company or person shall facilitate the examination and aid in the examination so far as it is in their power to do so.

Sec. 10. Minnesota Statutes 1990, section 176A.03, is amended by adding a subdivision to read:

Subd. 3. [COVERAGE OUTSIDE STATE.] Policies issued by the

fund pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, including coverages commonly known as "all states coverage." The fund may apply for and obtain any licensure required in any other state in order to issue such coverage.

Sec. 11. [MANDATED REDUCTIONS.]

(a) As a result of the workers' compensation law changes in article 2 and the resulting savings to the costs of Minnesota's workers' compensation system, an insurer's approved schedule of rates in effect on August 1, 1991, must be reduced by 16 percent and applied by the insurer to all policies issued, renewed, or outstanding on or after that date. An insurer may not adjust its filed rating plan to recoup the 16 percent mandated rate reduction under this section. The reduction must be computed on the basis of a 16 percent premium reduction prorated to the expiration of that policy. An insurer shall provide written notice by September 1, 1991, to all employers having an outstanding policy with the insurer as of August 1, 1991, to read as follows: "As a result of the changes in the workers' compensation insurance system enacted by the 1991 legislature, you are entitled to a credit or refund to your current premium in an amount of $..... which reflects a 16 percent mandated premium reduction prorated to the expiration of your policy."

(b) No rate increases may be filed between April 10, 1991, and January 1, 1992.

Sec. 12. [NOTICE OF INTENT TO CHALLENGE RATE LEVEL CHANGE.]

Notwithstanding section 3, the commissioner shall have an additional 90 days to give notice of intent to hold a hearing pursuant to that section. This section applies only to challenges to an insurer's change in existing rate levels or rating plan filed between the date the 1992 rate-making report is approved by the commissioner of commerce and six months thereafter.

Sec. 13. [RECORDS DEPOSITED WITH THE COMMISSIONER.]

All records of data services organizations authorized by Minnesota Statutes, section 79.61, or its predecessors, pertaining to proceedings before the department of commerce or its predecessors regarding rates or classifications must be deposited with the commissioner no later than August 1, 1991.

Sec. 14. [CONTINGENT APPROPRIATION.]

(a) $250,000 is appropriated from the special compensation fund to a workers' compensation contingent account for the purposes of

this article. The appropriation in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30. The appropriation in this section does not cancel but is available until June 30, 1992.

(b) $100,000 from the special compensation fund is appropriated and is available for the purposes of article 2.

Sec. 15. [REPEALER.]

Minnesota Statutes 1990, sections 79.54; 79.57; and 79.58, subdivision 1, are repealed.

Sec. 16. [EFFECTIVE DATE.]

Section 11, paragraph (b), is effective the day following final enactment.

ARTICLE 4

WORKERS' COMPENSATION COURT OF APPEALS ABOLISHED

Section 1. Minnesota Statutes 1990, section 176.421, subdivision 1, is amended to read:

Subdivision 1. [TIME FOR TAKING; GROUNDS.] When a petition has been heard before a compensation judge, within 30 days after a party in interest has been served with notice of an award or disallowance of compensation, or other order affecting the merits of the case, the party may appeal to the workers' compensation court of appeals on any of the following grounds:

(1) the order does not conform with this chapter; or

(2) the compensation judge committed an error of law; or

(3) the findings of fact and order were clearly erroneous and unsupported by substantial evidence in view of the entire record as submitted; or

(4) the findings of fact and order were procured by fraud, or coercion, or other improper conduct of a party in interest.

Sec. 2. Minnesota Statutes 1990, section 176.421, subdivision 6, is amended to read:

Subd. 6. [POWERS OF WORKERS' COMPENSATION COURT OF APPEALS ON APPEAL.] On an appeal taken under this section, the workers' compensation court of appeals' review is limited to the issues raised by the parties in the notice of appeal or by a cross-appeal. On review, the court may not substitute its judgment for that of the compensation judge as to the weight or credibility of the evidence on any finding of fact. In these cases, on those issues raised by the appeal, the workers' compensation court of appeals may:

(1) grant an oral argument based on the record before the compensation judge;

(2) examine the record;

(3) ~~substitute for the findings of fact made by the compensation judge findings based on the total evidence;~~

~~(4)~~ sustain, reverse, make or modify an award or disallowance of compensation or other order based on the facts, findings, and law; and~~,~~

~~(5)~~ (4) remand or make other appropriate order.

Sec. 3. Minnesota Statutes 1990, section 480A.06, subdivision 3, is amended to read:

Subd. 3. [CERTIORARI REVIEW.] The court of appeals shall have jurisdiction to issue writs of certiorari to all agencies, public corporations and public officials, except the tax court ~~and the workers' compensation court of appeals~~. The court of appeals shall have jurisdiction to review decisions of the commissioner of jobs and training, pursuant to section 268.10.

Sec. 4. Minnesota Statutes 1990, section 480A.06, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE REVIEW.] The court of appeals shall have jurisdiction to review on the record: the validity of administrative rules, as provided in sections 14.44 and 14.45~~, and~~; the decisions of administrative agencies in contested cases, as provided in sections 14.63 to 14.69; and workers' compensation cases and peace officer death benefits cases, as provided under chapters 176 and 176A.

Sec. 5. [TRANSFER OF JURISDICTION AND PERSONNEL.]

The jurisdiction of the workers' compensation court of appeals, as provided under Minnesota Statutes, section 175A.01, subdivision 2, is transferred to the court of appeals. All contracts, books, plans,

papers, records, and property of every description of the workers' compensation court of appeals relating to its transferred responsibilities and within its jurisdiction or control are transferred to the court of appeals; except that, all case files are transferred to the clerk of the appellate courts. All classified employees and staff attorneys of the workers' compensation court of appeals must be given preference in the employment of personnel required to staff the increased caseload of the court of appeals as a result of transfer of jurisdiction under this section.

Sec. 6. [INCREASED JUDGES.]

The number of judges on the court of appeals as of April 1, 1992, shall be increased by three. The three additional judges are subject to senate confirmation.

Sec. 7. [INSTRUCTION TO REVISOR.]

In every instance in Minnesota Statutes in which the term "workers' compensation court of appeals" appears, the revisor of statutes shall change that reference to the "court of appeals."

Sec. 8. [REAPPROPRIATION.]

$190,000 is reappropriated from the special compensation fund, as a result of the savings to that fund in fiscal year 1992 due to the abolishment of the workers' compensation court of appeals, to the court of appeals for the purposes of this article.

Sec. 9. [REPEALER.]

Minnesota Statutes 1990, sections 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07; 175A.08; 175A.09; and 175A.10, are repealed.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment. Sections 3 to 9 are effective April 1, 1992.

ARTICLE 5

REPORTS TO THE LEGISLATURE/ COMMISSION ON WORKERS' COMPENSATION

Section 1. [175.0075] [COMMISSION ON WORKERS' COMPENSATION.]

Subdivision 1. [CREATION; COMPOSITION.] (a) There is created a permanent commission on workers' compensation consisting of ten voting members as follows: six members appointed by the governor, three representing business, and three representing labor; two members appointed by the majority leader of the senate, one representing business and one representing labor; and two members appointed by the speaker of the house of representatives, one representing business and one representing labor. The members of the commission shall select a co-chair representing business and a co-chair representing labor. Each co-chair shall appoint an alternate for each member appointed by the co-chair and an alternate for the co-chair. An alternate shall serve in the absence of a member.

(b) The voting members shall serve for terms of five years and may be reappointed. The commissioner of labor and industry shall serve as an ex officio, nonvoting member of the commission.

(c) The commission shall designate liaisons to the commission representing workers' compensation insurers; medical, hospital, and rehabilitation providers; and the legal profession. The speaker and minority leader of the house of representatives shall appoint a member of their respective caucus as a liaison to the commission. The majority and minority leaders of the senate shall appoint a member of their respective caucus to serve as a liaison to the commission.

Subd. 2. [EXPENSES.] Commission members shall serve without pay but are entitled to per diem and reimbursement for expenses as provided under section 15.059.

Subd. 3. [DUTIES.] (a) The commission shall thoroughly examine all elements of Minnesota's current system of workers' compensation and make specific recommendations for reform to the legislature with respect to the development of a workers' compensation system that fairly and justly serves injured workers in this state, at a cost that is affordable by Minnesota employers. The commission shall also advise the department of labor and industry in carrying out the purposes of chapter 176.

(b) In order to carry out its duties and responsibilities in an effective manner, the commission may consult with any government official or employee or other party.

(c) The commission shall submit its findings and recommendations to the legislature with respect to amendments to this chapter by February 1 of each year, and shall also report its views upon any pending bill relating to chapter 176 to the proper legislative committees.

(d) At the request of the chairpersons of the senate employment committee and the house labor-management relations committee,

the commission shall schedule meetings with members of those respective committees to review and discuss matters of legislative concern arising under chapter 176.

Subd. 4. [MEETINGS; VOTING.] (a) The commission shall meet as frequently as necessary to carry out its duties and responsibilities. The commission shall also conduct public hearings throughout the state as may be necessary to give interested persons an opportunity to comment and make suggestions on the operation of the state's workers' compensation law.

(b) The meetings of the commission are subject to the state's open meeting law, section 471.705; except that, the business voting members and the labor voting members may meet in separate closed caucuses for the purpose of deliberating on matters before the commission. All votes of the commission must be public and recorded.

Subd. 5. [EXECUTIVE DIRECTOR.] (a) The commission shall employ an executive director for the commission, who shall be a state employee in the unclassified service and participate in the state unclassified employee retirement program. The range of salary and the salary level within it for the executive director shall be set by the commission. The executive director shall serve at the pleasure of the commission.

(b) The executive director shall provide administrative support and information to the commission in order to allow it to monitor all elements of Minnesota's workers' compensation system. Specific duties of the executive director shall include:

(1) examining the activities of the various entities involved in Minnesota's workers' compensation system and identifying problem areas for the commission's consideration;

(2) identifying trends and developments in the workers' compensation law of other states, and reporting to the commission on issues that are developing and solutions that are being proposed or attempted;

(3) monitoring the decisions of Minnesota courts, including the workers' compensation court of appeals and the supreme court, to determine the impact of court decisions on the workers' compensation system;

(4) monitoring workers' compensation research activities and bringing important research findings and recommendations to the attention of the commission; and

(5) conducting other activities and duties as may be requested by the commission.

Subd. 6. [ADMINISTRATIVE SUPPORT.] The commissioner of labor and industry shall supply necessary office space, supplies, and staff support to assist the commission and its executive director in their duties.

Subd. 7. [CONSULTANTS.] The commission may contract with outside consultants having recognized expertise in the field of workers' compensation as may be needed to perform its duties and responsibilities.

Subd. 8. [APPROPRIATION.] The annual operating costs incurred by the commission in carrying out its duties and responsibilities shall be appropriated from the state general fund.

Sec. 2. [REPORT TO THE LEGISLATURE ON USE OF NEUTRAL PHYSICIANS.]

The commissioner of labor and industry shall present a report to the legislature concerning workers' compensation before January 1, 1992, which develops and evaluates a detailed proposal for establishing a system of neutral doctors for use in such areas as determining maximum medical improvement and rating permanent partial disabilities. The report must contain a bill proposal to implement the commissioner's recommendations.

Sec. 3. [*REPORT TO THE LEGISLATURE ON USE OF* NEUTRAL QUALIFIED REHABILITATION CONSULTANTS.]

To reduce cost and contention in the rehabilitation system, the commissioner of labor and industry shall develop and evaluate a detailed proposal to establish a system to ensure that qualified rehabilitation consultants will not be aligned with either insurers or claimants. The commissioner shall consider alternative methods of selection and payment to ensure neutrality. The commissioner shall present a report and proposal to the legislature by January 1, 1992.

Sec. 4. [REPORT TO THE LEGISLATURE ON IMPLEMENTATION OF MANDATED RATE REDUCTIONS.]

The commissioner of labor and industry shall survey Minnesota employers to determine if the mandated workers' compensation insurance rate reductions required under article 4, section 11, have been implemented by insurers, both as to amount and in a manner that is uniform and nondiscriminatory between employers having similar risks with respect to a particular occupational classification. The commissioner must present a report detailing findings and conclusions to the legislature by February 1, 1992.

Sec. 5. [REPORT TO THE LEGISLATURE ON RECODIFICATION OF WORKERS' COMPENSATION LAW.]

The revisor of statutes shall recodify the workers' compensation law, including Minnesota Statutes, chapter 176.

The recodification must not make any substantive changes but shall provide a comprehensive, accurate, and complete restatement.

Each state department agency and legislative staff, including senate counsel and house of representatives research, shall provide assistance in the recodification as requested by the revisor of statutes.

The revisor shall report to the legislature by January 1, 1992, on the progress of the recodification. The revisor shall prepare a bill to implement its recommendations for recodification by January 1, 1993.

Sec. 6. [HEARINGS AT THE OFFICE OF ADMINISTRATIVE HEARINGS; REPORT OF THE CHIEF ADMINISTRATIVE LAW JUDGE.]

The chief administrative law judge shall consider methods to reduce the formality and length of hearings in workers' compensation cases at the office of administrative hearings, with a goal of completing 50 percent of the hearings in less than two hours, 75 percent in less than four hours, and nearly all of the cases in less than one day. Before January 1, 1992, the chief judge shall report to the legislature on the efforts to meet these goals, including any recommendations for legislation needed to achieve these goals.

Sec. 7. [REPORT TO THE LEGISLATURE ON STATE REGULATION OF WORKERS' COMPENSATION INSURANCE.]

Legislative staff shall prepare and present a report to the legislature surveying the different processes for regulation of workers' compensation insurance rating plans under other states' workers' compensation insurance laws. The report must be presented to the legislature by January 1, 1992.

Sec. 8. [APPROPRIATION.]

$100,000 is appropriated from the special compensation fund to the commissioner of labor and industry for the purposes of sections 2 to 4.

Sec. 9. [APPROPRIATION.]

$300,000 is appropriated from the general fund for the biennium ending June 30, 1993, to the commission on workers' compensation for the purposes of carrying out its duties and responsibilities as provided under section 1.

Sec. 10. [REPEALER.]

Minnesota Statutes 1990, section 175.007 is repealed.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 and 9 are effective July 1, 1991. Sections 2 to 8 and 10 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to labor and industry; regulating workers' compensation benefits and administration; regulating workers' compensation insurance; providing for the appointment of actuaries; abolishing the workers' compensation court of appeals and transferring its jurisdiction to the court of appeals; requiring certain reports relating to workers' compensation; appropriating money; amending Minnesota Statutes 1990, sections 79.095; 79.55, subdivision 2; 79.56, by adding a subdivision; 79.58, subdivision 2; 79.61, subdivision 1; 176.011, subdivisions 11a, 18, and by adding a subdivision; 176.021, subdivision 3; 176.041, subdivision 4; 176.061, subdivision 10; 176.081, subdivisions 1, 2, and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding subdivisions; 176.102, subdivisions 1, 2, 3, 3a, 4, 6, 7, and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, 15, 20, and 21; 176.131, subdivisions 1, 1a, 2, 8, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.136, subdivision 1, and by adding a subdivision; 176.155, subdivision 1; 176.221, subdivision 1; 176.421, subdivisions 1 and 6; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176A.03, by adding a subdivision; and 480A.06, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1990, sections 79.54; 79.57; 79.58, subdivision 1; 175.007; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 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 6."

A roll call was requested and properly seconded.

The question was taken on the Sviggum et al amendment and the roll was called.

Long moved that those not voting be excused from voting. The motion prevailed.

There were 65 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Abrams	Dille	Hugoson	Morrison	Schafer
Anderson, R.	Erhardt	Jennings	Nelson, S.	Schreiber
Anderson, R. H.	Frederick	Johnson, V.	Newinski	Seaberg
Bertram	Frerichs	Kelso	Olsen, S.	Smith
Bettermann	Girard	Knickerbocker	Olson, K.	Stanius
Bishop	Goodno	Koppendrayer	Omann	Steensma
Blatz	Gruenes	Krinkie	Onnen	Sviggum
Bodahl	Gutknecht	Leppik	Ostrom	Swenson
Boo	Hartle	Limmer	Ozment	Tompkins
Cooper	Haukoos	Lynch	Pauly	Uphus
Dauner	Heir	Macklin	Pellow	Valento
Davids	Henry	Marsh	Peterson	Waltman
Dempsey	Hufnagle	McPherson	Runbeck	Welker

Those who voted in the negative were:

Anderson, I.	Hanson	Lieder	Orfield	Solberg
Battaglia	Hasskamp	Long	Osthoff	Sparby
Bauerly	Hausman	Lourey	Pelowski	Thompson
Beard	Jacobs	Mariani	Pugh	Trimble
Begich	Janezich	McEachern	Reding	Tunheim
Brown	Jaros	McGuire	Rest	Vellenga
Carlson	Jefferson	Milbert	Rice	Wagenius
Carruthers	Johnson, A.	Munger	Rodosovich	Wejcman
Clark	Johnson, R.	Murphy	Rukavina	Welle
Dawkins	Kahn	Nelson, K.	Sarna	Wenzel
Dorn	Kalis	O'Connor	Scheid	Winter
Farrell	Kinkel	Ogren	Segal	Spk. Vanasek
Garcia	Krueger	Olson, E.	Simoneau	
Greenfield	Lasley	Orenstein	Skoglund	

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

Abrams moved to amend H. F. No. 1422, the third engrossment, as amended, as follows:

Pages 30 through 33, delete Article 5

A roll call was requested and properly seconded.

The question was taken on the Abrams amendment and the roll was called. There were 54 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Abrams	Blatz	Erhardt	Goodno	Haukoos
Anderson, R. H.	Boo	Frederick	Gruenes	Heir
Bettermann	Davids	Frerichs	Gutknecht	Henry
Bishop	Dempsey	Girard	Hartle	Hufnagle

Hugoson	Limmer	Olsen, S.	Schafer	Tompkins
Jennings	Lynch	Omann	Schreiber	Uphus
Johnson, V.	Macklin	Onnen	Seaberg	Valento
Knickerbocker	Marsh	Ozment	Smith	Waltman
Koppendrayer	McPherson	Pauly	Stanius	Weaver
Krinkie	Morrison	Pellow	Sviggum	Welker
Leppik	Newinski	Runbeck	Swenson	

Those who voted in the negative were:

Anderson, I.	Dorn	Kinkel	Olson, E.	Segal
Anderson, R.	Farrell	Krueger	Olson, K.	Simoneau
Battaglia	Garcia	Lasley	Orenstein	Skoglund
Bauerly	Greenfield	Lieder	Orfield	Solberg
Beard	Hanson	Long	Osthoff	Sparby
Begich	Hasskamp	Lourey	Ostrom	Steensma
Bertram	Hausman	Mariani	Pelowski	Thompson
Bodahl	Jacobs	McEachern	Peterson	Trimble
Brown	Janezich	McGuire	Pugh	Tunheim
Carlson	Jaros	Milbert	Reding	Vellenga
Carruthers	Jefferson	Munger	Rest	Wagenius
Clark	Johnson, A.	Murphy	Rice	Wejcman
Cooper	Johnson, R.	Nelson, K.	Rodosovich	Welle
Dauner	Kahn	Nelson, S.	Rukavina	Wenzel
Dawkins	Kalis	O'Connor	Sarna	Winter
Dille	Kelso	Ogren	Scheid	Spk. Vanasek

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

Swenson; Valento; Johnson, V.; Hugoson; Gutknecht; Blatz; Sviggum; McPherson; Frederick; Schreiber; Krinkie; Hufnagle; Lynch; Runbeck; Leppik; Stanius; Dempsey; Morrison; Newinski; Welker; Macklin; Heir; Frerichs; Onnen and Uphus moved to amend H. F. No. 1422, the third engrossment, as amended, as follows:

Pages 8 and 9, delete sections 11 and 12

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 Swenson et al amendment and the roll was called. There were 58 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Abrams	Bishop	Dempsey	Frederick	Gruenes
Anderson, R.	Blatz	Dille	Frerichs	Gutknecht
Anderson, R. H.	Boo	Dorn	Girard	Hartle
Bettermann	Davids	Erhardt	Goodno	Haukoos

Heir	Leppik	Olsen, S.	Runbeck	Tompkins
Henry	Limmer	Omann	Schafer	Uphus
Hufnagle	Lynch	Onnen	Schreiber	Valento
Hugoson	Macklin	Ostrom	Seaberg	Waltman
Johnson, V.	Marsh	Ozment	Smith	Weaver
Knickerbocker	McPherson	Pauly	Stanius	Welker
Koppendrayer	Morrison	Pellow	Sviggum	
Krinkie	Newinski	Pelowski	Swenson	

Those who voted in the negative were:

Anderson, I.	Greenfield	Lasley	Orenstein	Sparby
Battaglia	Hanson	Lieder	Orfield	Steensma
Bauerly	Hasskamp	Long	Osthoff	Thompson
Beard	Hausman	Lourey	Peterson	Trimble
Begich	Jacobs	Mariani	Pugh	Tunheim
Bertram	Janezich	McEachern	Reding	Vellenga
Bodahl	Jaros	McGuire	Rest	Wagenius
Brown	Jefferson	Milbert	Rice	Wejcman
Carlson	Jennings	Munger	Rodosovich	Welle
Carruthers	Johnson, A.	Murphy	Rukavina	Wenzel
Clark	Johnson, R.	Nelson, K.	Sarna	Winter
Cooper	Kahn	Nelson, S.	Scheid	Spk. Vanasek
Dauner	Kalis	O'Connor	Segal	
Dawkins	Kelso	Ogren	Simoneau	
Farrell	Kinkel	Olson, E.	Skoglund	
Garcia	Krueger	Olson, K.	Solberg	

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

Kalis moved to amend H. F. No. 1422, the third engrossment, as amended, as follows:

Page 33, after line 27, insert:

"Sec. 4. [REPEALER.]

Minnesota Statutes 1990, chapters 79, 175A, and 176 are repealed effective July 1, 1993."

Renumber the remaining section

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Kalis amendment and the roll was called. There were 95 yeas and 39 nays as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Bishop	Boo	Dauner
Anderson, R.	Bertram	Blatz	Brown	Davids
Anderson, R. H.	Bettermann	Bodahl	Cooper	Dempsey

Dille	Hugoson	Limmer	Omann	Sparby
Dorn	Jacobs	Lynch	Onnen	Stanius
Erhardt	Jennings	Macklin	Ozment	Steensma
Frederick	Johnson, R.	Mariani	Pauly	Sviggum
Frerichs	Johnson, V.	Marsh	Pellow	Swenson
Garcia	Kahn	McEachern	Pelowski	Thompson
Girard	Kalis	McGuire	Peterson	Tompkins
Goodno	Kelso	McPherson	Reding	Tunheim
Gruenes	Kinkel	Morrison	Rodosovich	Uphus
Gutknecht	Knickerbocker	Munger	Runbeck	Valento
Hartle	Koppendrayer	Nelson, S.	Sarna	Vellenga
Hasskamp	Krinkie	Newinski	Schafer	Waltman
Haukoos	Krueger	O'Connor	Schreiber	Weaver
Heir	Lasley	Olsen, S.	Seaberg	Welker
Henry	Leppik	Olson, E.	Simoneau	Winter
Hufnagle	Lieder	Olson, K.	Smith	Spk. Vanasek

Those who voted in the negative were:

Anderson, I.	Farrell	Long	Osthoff	Skoglund
Battaglia	Greenfield	Lourey	Ostrom	Solberg
Beard	Hanson	Milbert	Pugh	Trimble
Begich	Hausman	Murphy	Rest	Wagenius
Carlson	Janezich	Nelson, K.	Rice	Wejcman
Carruthers	Jaros	Ogren	Rukavina	Welle
Clark	Jefferson	Orenstein	Scheid	Wenzel
Dawkins	Johnson, A.	Orfield	Segal	

The motion prevailed and the amendment was adopted.

H. F. No. 1422, A bill for an act relating to workers' compensation; regulating benefits and insurance; establishing a permanent commission on workers' compensation; providing penalties; appropriating money; amending Minnesota Statutes 1990, sections 79.252, by adding a subdivision; 176.011, subdivisions 3, 11a, and 18; 176.101, subdivisions 1, 2, and 3f; 176.102, subdivisions 1, 2, 3, 3a, 4, 6, 9, and 11; 176.111, subdivision 18; 176.135, subdivisions 1, 6, and 7; 176.136, subdivisions 1, 2, and by adding subdivisions; 176.155, subdivision 1; 176.645, subdivisions 1 and 2; 176.83, subdivisions 5, 6, and by adding a subdivision; 176A.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 175 and 176; repealing Minnesota Statutes 1990, sections 175.007; and 176.136, subdivision 5; and chapters 79, 175A, and 176.

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 56 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Beard	Carlson	Dauner	Garcia
Anderson, R.	Begich	Carruthers	Dawkins	Greenfield
Battaglia	Bodahl	Clark	Dorn	Hanson
Bauerly	Brown	Cooper	Farrell	Hasskamp

Hausman	Lasley	O'Connor	Rest	Thompson
Jacobs	Lieder	Ogren	Rice	Trimble
Janezich	Long	Olson, E.	Rodosovich	Tunheim
Jaros	Lourey	Olson, K.	Rukavina	Vellenga
Jefferson	Mariani	Orenstein	Sarna	Wagenius
Johnson, A.	McEachern	Orfield	Scheid	Wejcman
Johnson, R.	McGuire	Osthoff	Segal	Welle
Kahn	Milbert	Ostrom	Simoneau	Wenzel
Kalis	Munger	Pelowski	Skoglund	Winter
Kelso	Murphy	Peterson	Solberg	Spk. Vanasek
Kinkel	Nelson, K.	Pugh	Sparby	
Krueger	Nelson, S.	Reding	Steensma	

Those who voted in the negative were:

Abrams	Frerichs	Johnson, V.	Olsen, S.	Sviggum
Anderson, R. H.	Girard	Knickerbocker	Omann	Swenson
Bertram	Goodno	Koppendrayer	Onnen	Tompkins
Bettermann	Gruenes	Krinkie	Ozment	Uphus
Bishop	Gutknecht	Leppik	Pauly	Valento
Blatz	Hartle	Limmer	Pellow	Waltman
Boo	Haukoos	Lynch	Runbeck	Weaver
Davids	Heir	Macklin	Schafer	Welker
Dempsey	Henry	Marsh	Schreiber	
Dille	Hufnagle	McPherson	Seaberg	
Erhardt	Hugoson	Morrison	Smith	
Frederick	Jennings	Newinski	Stanius	

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

Long moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Long moved that the bills on General Orders for today be continued. The motion prevailed.

CALL OF THE HOUSE LIFTED

Long moved that the Call of the House be dispensed with. The motion prevailed and it was so ordered.

MOTIONS AND RESOLUTIONS

Bertram moved that the name of Limmer be added as an author on H. F. No. 1150. The motion prevailed.

Carruthers moved that the names of Winter, Skoglund and Abrams be added as authors on H. F. No. 1467. The motion prevailed.

Reding moved that H. F. No. 1147, now on General Orders, be re-referred to the Committee on General Legislation, Veterans Affairs and Gaming. The motion prevailed.

Orenstein moved that H. F. No. 1515, now on the Technical Consent Calendar, be placed on Technical General Orders. The motion prevailed.

ADJOURNMENT

Long moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Tuesday, April 23, 1991.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1991

THIRTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 23, 1991

The House of Representatives convened at 2:30 p.m. and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by Monsignor John C. Ward, Former Pastor of St. Philips Church, Litchfield, Minnesota.

The roll was called and the following members were present:

Abrams	Frederick	Kelso	Ogren	Segal
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Skoglund
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Smith
Battaglia	Goodno	Krinkie	Omann	Solberg
Bauerly	Greenfield	Krueger	Onnen	Sparby
Beard	Gruenes	Lasley	Orenstein	Stanius
Begich	Gutknecht	Leppik	Orfield	Steensma
Bertram	Hanson	Lieder	Osthoff	Sviggum
Bettermann	Hartle	Limmer	Ostrom	Swenson
Bishop	Hasskamp	Long	Ozment	Thompson
Blatz	Haukoos	Lourey	Pauly	Tompkins
Bodahl	Hausman	Lynch	Pellow	Trimble
Boo	Heir	Macklin	Pelowski	Tunheim
Brown	Henry	Mariani	Peterson	Uphus
Carlson	Hufnagle	Marsh	Pugh	Valento
Carruthers	Hugoson	McEachern	Reding	Vellenga
Clark	Jacobs	McGuire	Rest	Wagenius
Cooper	Janezich	McPherson	Rice	Waltman
Dauner	Jaros	Milbert	Rodosovich	Weaver
Davids	Jefferson	Morrison	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek
Farrell	Kalis	O'Connor	Seaberg	

A quorum was present.

The Chief Clerk proceeded to read the Journal of the preceding day. Heir 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 STANDING COMMITTEES

Ogren from the Committee on Taxes to which was referred:

H. F. No. 700, A bill for an act relating to education; providing for general education revenue; transportation; special programs; community service programs; facilities and equipment; other aids and levies; miscellaneous education related programs; library programs; education agency services; art education programs; maximum effort school loan programs; authorizing bonding; appropriating money; amending Minnesota Statutes 1990, sections 120.08, subdivision 3; 120.101, subdivisions 5, 9, and by adding a subdivision; 120.17, subdivisions 3b and 7a; 120.181; 121.11, subdivision 12; 121.15, subdivisions 1, 2, 3, 6, 7, 8, 9, and by adding subdivisions; 121.155; 121.585, subdivision 3; 121.611, subdivision 2; 121.88, subdivisions 9 and 10; 121.882, subdivisions 2, 6, and by adding a subdivision; 121.904, subdivisions 4a and 4e; 121.912, by adding a subdivision; 122.22, subdivisions 7a and 9; 122.23, subdivisions 2 and 3; 122.242, subdivision 9; 122.531, by adding subdivisions; 122.535, subdivision 6; 123.33, subdivision 1; 123.34, subdivision 9; 123.35, subdivisions 8, 17, and by adding a subdivision; 123.3514, subdivisions 3, 4, and by adding a subdivision; 123.38, subdivision 2b; 123.702; 123.951; 124.17, subdivisions 1 and 1b; 124.175; 124.19, subdivisions 1, 7, and by adding a subdivision; 124.195, subdivisions 9 and 12; 124.223, subdivisions 1 and 8; 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 8a, 8k, 10, and by adding a subdivision; 124.26, subdivisions 1c and 2; 124.261; 124.2711, subdivisions 1 and 3; 124.2721, subdivisions 2 and 3; 124.2725, subdivision 6; 124.273, subdivision 1b; 124.311, subdivision 4; 124.32, subdivisions 1b and 10; 124.332, subdivisions 1 and 2; 124.431, by adding a subdivision; 124.573, subdivisions 2b and 3a; 124.574, subdivision 2b; 124.575, subdivisions 1, 2, 3, and 4; 124.646; 124.83, subdivision 4; 124.86, subdivision 2; 124A.03; 124A.04; 124A.22, subdivisions 2, 4, 5, 8, 9, and by adding subdivisions; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; 124A.29, subdivision 1; 124A.30; 124C.03, subdivision 2; 125.12, subdivisions 3, 6b, and by adding subdivisions; 125.17, subdivision 2, and by adding subdivisions; 125.185, subdivisions 4 and 4a; 125.231; 126.22, subdivisions 2, 3, and 4; 126.23; 126.266, subdivision 2; 126.661, subdivision 5, and by adding a subdivision; 126.663, subdivision 2; 126.666, subdivision 2, and by adding subdivisions; 126.67, subdivision 2b; 126.70, subdivisions 1, 2, and 2a; 127.29, by adding a subdivision; 129C.10; 136D.27, subdivision 1; 136D.72, subdivision 1; 136D.74, subdivision 2; 136D.76, subdivision 2; 136D.87, subdivision 1; 141.25, subdivision 8; 141.26, subdivision 5; 145.926; 148.191, subdivision 2; 171.29, subdivision 2; 245A.03, subdivision 2; 260.015, subdivision 19; 268.08, subdivision 6; 275.06; 275.065, subdivisions 3, 5a, and 6; 275.125, subdivisions 4, 5, 5b, 5c, 8b, 11d; 298.28, subdivision 4; Laws 1989, chapter 329, article 6, section 53, as amended; proposing coding for new law in Minnesota Statutes, chapters 3; 120; 121; 123; 124; 125; 134; 373; 473; repealing Minnesota Statutes 1990, sections 3.865; 3.866;

120.011; 121.111; 122.531, subdivision 5; 123.351, subdivision 10; 123.706; 123.707; 123.744; 124.225, subdivisions 3, 4b, 7c, 8b, 8i, 8j; 124.252; 124.575; 124C.01, subdivision 2; 124C.41, subdivisions 6 and 7; 126.70, subdivisions 2 and 2a; 275.125, subdivision 8c; and Laws 1988, chapter 703, article 1, section 23, as amended; Laws 1989, chapter 293, section 82; Laws 1989, chapter 329, articles 4, section 40; 9, section 30; and 12, section 8; Laws 1990, chapter 562, article 6, section 36.

Reported the same back with the following amendments:

Pages 93 to 98, delete sections 1 to 7 and insert:

"Section 1. Minnesota Statutes 1990, section 121.148, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER APPROVAL.] In determining whether to give a school facility a positive, negative, or unfavorable review and comment, the commissioner must evaluate the proposals for facilities using the information provided under section 121.15, subdivision 7.

The commissioner may submit a negative review and comment for a project if the district has not submitted its capital facilities plan required under section 124.243, subdivision 1, to the commissioner."

Page 98, lines 7 to 28, delete the new language and reinstate the stricken language

Page 98, line 32 to page 99, line 18, delete the new language and reinstate the stricken language

Pages 99 and 100, delete section 9

Page 157, line 3, delete "124C.01, subdivision 2;"

Pages 188 to 194, delete sections 22 to 24

Renumber the sections in sequence

Correct internal references

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.

Ogren from the Committee on Taxes to which was referred:

H. F. No. 714, A bill for an act relating to housing; modifying procedures relating to rent escrow actions; modifying procedures relating to the tenant's loss of essential services; assigning tort liability to landlords for certain damages; modifying provisions relating to tenant remedy actions, retaliatory eviction proceedings, and receivership proceedings; charging court fees in unlawful detainer actions; creating a lead abatement program; modifying provisions relating to Minnesota housing finance agency low- and moderate-income housing programs; providing for an emergency mortgage and rental assistance pilot project; modifying certain receivership, assignment of rents and profits, and landlord and tenant provisions; modifying provisions relating to housing and redevelopment authorities; providing for the issuance of general obligation bonds for housing by the cities of Minneapolis and St. Paul; authorizing the city of Minneapolis to make small business loans; imposing a lead abatement fee on petroleum storage tanks; imposing a tax on wholesalers of paint and dedicating the revenue to lead abatement programs; modifying the property tax classification of certain residential real estate; excluding housing districts from the calculation of local government aid reductions; modifying the interest rate reduction program; changing the definition of mentally ill person; consolidating special needs housing programs; clarifying and amending biennial reporting requirement; authorizing new construction of accessible housing; authorizing off-reservation home improvement program; appropriating money; amending Minnesota Statutes 1990, sections 116C.04, by adding a subdivision; 268.362; 268.364, subdivision 4; 268.365, subdivision 2; 268.39; 272.02, subdivision 1; 273.11, subdivision 1, and by adding a subdivision; 273.124, subdivision 1; 273.13, subdivision 25; 273.1399, subdivision 1; 357.021, subdivision 2; 462A.03, subdivisions 10, 13, and 16; 462A.05, subdivisions 14, 20, and by adding subdivisions; 462A.08, subdivision 2; 462A.21, subdivisions 4k, 12a, 14, and by adding a subdivision; 462A.22, subdivision 9; 462A.222, subdivision 3; 462C.03, subdivision 10; 469.011, subdivision 4; 469.012, subdivision 1; 469.015, subdivisions 3, 4, and by adding a subdivision; 469.176, subdivision 4f; 474A.048, subdivision 2; 481.02, subdivision 3; 504.02; 504.18, subdivision 1; 504.185, subdivision 2; 504.20, subdivisions 3, 4, 5, and 7; 504.27; 504.33, subdivisions 3, 5, and 7; 504.34, subdivisions 3, 5, and 6; 559.17, subdivision 2; 566.03, subdivision 1; 566.17, by adding a subdivision; 566.175, subdivision 6; 566.18, subdivision 9; 566.19, subdivision 2; 566.205, subdivisions 1, 3, and 4; 566.21, subdivision 2; 566.25; 566.29, subdivisions 2 and 4; 566.34, subdivision 2; and 576.01, subdivision 2; Laws 1974,

chapter 285, section 4, as amended; Laws 1987, chapter 404, section 28, subdivision 1; Laws 1988, chapter 594, section 6; Laws 1989, chapter 335, article 1, section 27, subdivision 1, as amended; proposing coding for new law in Minnesota Statutes, chapters 115C; 116K; 268; 273; 504; and 609; proposing coding for new law as Minnesota Statutes, chapter 297E; repealing Minnesota Statutes 1990, section 462A.05, subdivisions 28 and 29.

Reported the same back with the following amendments:

Pages 55 and 56, delete sections 1 and 2

Pages 57 and 58, delete section 5

Page 58, line 3, delete "3" and insert "1"

Page 58, line 5, delete "4" and insert "2"

Page 58, line 8, delete everything after the period

Page 58, delete lines 9 to 11

Renumber the sections in article 7 in sequence

Pages 59 to 82, delete article 9

Page 82, line 12, delete "10" and insert "9"

Amend the title as follows:

Page 1, line 21, delete "imposing a tax on wholesalers"

Page 1, delete lines 22 to 25

Page 1, line 26, delete "reductions;"

Page 1, line 35, delete "272.02, subdivision 1; 273.11,"

Page 1, delete lines 36 and 37

Page 1, line 38, delete "subdivision 1;"

Page 1, line 43, delete "462C.03, subdivision 10;"

Page 1, line 46, delete "469.176, subdivision 4f;"

Page 2, lines 10 and 11, delete "Laws 1974, chapter 285, section 4, as amended;"

Page 2, line 16, delete "273;" and delete "proposing coding"

Page 2, line 17, delete line 17

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. 996, A bill for an act relating to utilities; requiring that applicants under the telephone assistance plan be certified by the department of human services for eligibility before receiving benefits; requiring reports; amending Minnesota Statutes 1990, section 237.70, subdivision 7.

Reported the same back with the following amendments:

Page 1, line 25, before the period insert "and must provide examples of acceptable proof. The application must state that failure to submit proof with the application will result in the applicant being found ineligible"

Page 2, line 27, delete the first "an" and insert "a completed"

Page 2, line 29, after the period insert "If the department fails to do so, it shall within three working days provide written notice to the applicant's telephone company that the company shall provide telephone assistance plan credits against monthly charges in the earliest possible month following receipt of the written notice. The applicant must receive telephone assistance plan credits until the earliest possible month following the company's receipt of notice from the department that the applicant is ineligible."

Page 3, lines 17 and 18, delete "no longer" and insert "not"

Page 3, line 27, delete "or transfers"

Page 3, line 29, delete "or transfer"

Page 3, line 31, delete everything after "disconnected" and insert a period

Page 3, delete line 32

Page 3, line 33, delete "or transfer." and delete "or"

Page 3, line 34, delete "transfer"

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1123, A bill for an act relating to human rights; limiting certain defenses; amending Minnesota Statutes 1990, section 363.02, subdivision 5.

Reported the same back with the following amendments:

Page 1, line 24, after the period insert "Nothing in this section authorizes recovery for specific damages recovered under another statutory or common law protection."

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.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1273, A bill for an act relating to children; modifying child protection system data practices study requirements; amending Laws 1990, chapter 542, section 36.

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

The report was adopted.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Simoneau, Boo, Begich, Jaros and Rice introduced:

H. F. No. 1655, A bill for an act relating to taxation; authorizing the department of trade and economic development to issue obligations to finance construction of aircraft maintenance and repair facilities; providing tax credits for job creation; providing an exemption from sales tax for certain equipment and materials; authorizing establishment of tax increment financing districts in the cities of Duluth and Hibbing; authorizing the metropolitan airports commission to operate outside the metropolitan area; amending Minnesota Statutes 1990, sections 290.06, by adding a subdivision; and 473.608, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 116J and 297A.

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

Runbeck; Dawkins; Johnson, V.; Olsen, S., and Orenstein introduced:

H. F. No. 1656, A bill for an act relating to cities; permitting the appointment of citizen budget advisory committees; proposing coding for new law in Minnesota Statutes, chapter 471.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Steensma, Trimble and Morrison introduced:

H. F. No. 1657, 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.

Kelso, Cooper, Sviggum, Kalis and Vellenga introduced:

H. F. No. 1658, A bill for an act relating to health; establishing a state board of physical therapy; providing licensing requirements for physical therapists; amending Minnesota Statutes 1990, sections 148.66; 148.67; 148.70; 148.705; 148.71; 148.72, subdivisions 1, 2, and 4; 148.73; 148.74; 148.75; 148.76; 148.78; and 214.01, subdivi-

sion 2; proposing coding for new law in Minnesota Statutes, chapter 148.

The bill was read for the first time and referred to the Committee on Health and Human Services.

HOUSE ADVISORIES

The following House Advisory was introduced:

Welle and Kalis introduced:

H. A. No. 13, A proposal to study feasibility of allowing local governments flexibility in using turnback funds.

The advisory was referred to the Committee on Transportation.

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. 472, A bill for an act relating to occupations and professions; amending the definition of high pressure piping; amending Minnesota Statutes 1990, section 326.461, subdivision 2.

H. F. No. 697, A bill for an act relating to credit unions; providing that credit unions may be designated as depositories of state funds; providing for the election of a supervisory committee; clarifying investment authority of board of directors; amending Minnesota Statutes 1990, sections 9.031, subdivision 1; 52.04, subdivision 1; 52.08; and 52.09, subdivision 2.

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. 350.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 350, A bill for an act relating to the environment; adding a purpose for expenditure from the metropolitan landfill contingency action trust fund; authorizing the city of Hopkins to issue bonds to pay for environmental response costs at a landfill; authorizing the city to impose a solid waste collection surcharge; authorizing a landfill cleanup assessment against property; authorizing a service charge; appropriating money; amending Minnesota Statutes 1990, section 473.845, subdivision 3.

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

CONSENT CALENDAR

H. F. No. 983, A bill for an act relating to Ramsey county; changing Ramsey county special laws to make them consistent with the county home rule charter; amending Minnesota Statutes 1990, sections 383A.06, subdivision 2; 383A.16, subdivision 4; 383A.20, subdivision 10; 383A.32, subdivision 1; and 383A.50, subdivision 4; repealing Minnesota Statutes 1990, sections 383A.04; 383A.06, subdivision 3; 383A.07, subdivisions 6, 15, and 20; 383A.16, subdivision 5; 383A.20, subdivisions 1, 6 to 9, and 11; 383A.23, subdivision 1; 383A.24; 383A.25; 383A.45; 383A.46; 383A.48; 383A.49; and 383A.50, 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 133 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Anderson, R. H.	Beard	Bettermann	Bodahl
Anderson, I.	Battaglia	Begich	Bishop	Boo
Anderson, R.	Bauerly	Bertram	Blatz	Brown

Carlson	Heir	Long	Orfield	Solberg
Clark	Henry	Lourey	Osthoff	Sparby
Cooper	Hufnagle	Lynch	Ostrom	Stanius
Dauner	Hugoson	Macklin	Ozment	Steensma
Davids	Jacobs	Mariani	Pauly	Sviggum
Dawkins	Janezich	Marsh	Pellow	Swenson
Dempsey	Jaros	McEachern	Pelowski	Thompson
Dille	Jefferson	McGuire	Peterson	Tompkins
Dorn	Jennings	McPherson	Pugh	Trimble
Erhardt	Johnson, A.	Milbert	Reding	Tunheim
Farrell	Johnson, R.	Morrison	Rest	Uphus
Frederick	Johnson, V.	Munger	Rice	Valento
Frerichs	Kahn	Murphy	Rodosovich	Vellenga
Garcia	Kalis	Nelson, K.	Rukavina	Wagenius
Girard	Kelso	Nelson, S.	Runbeck	Waltman
Goodno	Kinkel	Newinski	Sarna	Weaver
Greenfield	Knickerbocker	O'Connor	Schafer	Wejcman
Gruenes	Koppendrayer	Ogren	Scheid	Welker
Gutknecht	Krinkie	Olsen, S.	Schreiber	Welle
Hanson	Krueger	Olson, E.	Seaberg	Wenzel
Hartle	Lasley	Olson, K.	Segal	Winter
Hasskamp	Leppik	Omann	Simoneau	Spk. Vanasek
Haukoos	Lieder	Onnen	Skoglund	
Hausman	Limmer	Orenstein	Smith	

Those who voted in the negative were:

Carruthers

The bill was passed and its title agreed to.

H. F. No. 1105, A bill for an act relating to Ramsey county; providing for additional civil service certification of underrepresented groups; amending Minnesota Statutes 1990, section 383A.291, 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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Brown	Frerichs	Hufnagle	Knickerbocker
Anderson, I.	Carlson	Garcia	Hugoson	Koppendrayer
Anderson, R.	Carruthers	Girard	Jacobs	Krinkie
Anderson, R. H.	Clark	Goodno	Janezich	Krueger
Battaglia	Cooper	Greenfield	Jaros	Lasley
Bauerly	Dauner	Gruenes	Jefferson	Leppik
Beard	Davids	Gutknecht	Jennings	Lieder
Begich	Dawkins	Hanson	Johnson, A.	Limmer
Bertram	Dempsey	Hartle	Johnson, R.	Long
Bettermann	Dille	Hasskamp	Johnson, V.	Lourey
Bishop	Dorn	Haukoos	Kahn	Lynch
Blatz	Erhardt	Hausman	Kalis	Macklin
Bodahl	Farrell	Heir	Kelso	Mariani
Boo	Frederick	Henry	Kinkel	Marsh

McEachern	Olson, E.	Pugh	Simoneau	Uphus
McGuire	Olson, K.	Reding	Skoglund	Valento
McPherson	Omann	Rest	Smith	Vellenga
Milbert	Onnen	Rice	Solberg	Wagenius
Morrison	Orenstein	Rodosovich	Sparby	Waltman
Munger	Orfield	Rukavina	Stanius	Weaver
Murphy	Osthoff	Runbeck	Steensma	Wejcman
Nelson, K.	Ostrom	Sarna	Sviggum	Welle
Nelson, S.	Ozment	Schafer	Swenson	Wenzel
Newinski	Pauly	Scheid	Thompson	Winter
O'Connor	Pellow	Schreiber	Tompkins	Spk. Vanasek
Ogren	Pelowski	Seaberg	Trimble	
Olsen, S.	Peterson	Segal	Tunheim	

The bill was passed and its title agreed to.

H. F. No. 1282, A bill for an act relating to local government; providing procedures for storm sewer improvements; amending Minnesota Statutes 1990, section 444.18, by adding a subdivision; repealing Minnesota Statutes 1990, section 444.18, 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 134 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Ogren	Segal
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Skoglund
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Smith
Battaglia	Goodno	Krinkie	Omann	Solberg
Bauerly	Greenfield	Krueger	Onnen	Sparby
Beard	Gruenes	Lasley	Orenstein	Stanius
Begich	Gutknecht	Leppik	Orfield	Steensma
Bertram	Hanson	Lieder	Osthoff	Sviggum
Bettermann	Hartle	Limmer	Ostrom	Swenson
Bishop	Hasskamp	Long	Ozment	Thompson
Blatz	Haukoos	Lourey	Pauly	Tompkins
Bodahl	Hausman	Lynch	Pellow	Trimble
Boo	Heir	Macklin	Pelowski	Tunheim
Brown	Henry	Mariani	Peterson	Uphus
Carlson	Hufnagle	Marsh	Pugh	Valento
Carruthers	Hugoson	McEachern	Reding	Vellenga
Clark	Jacobs	McGuire	Rest	Wagenius
Cooper	Janezich	McPherson	Rice	Waltman
Dauner	Jaros	Milbert	Rodosovich	Weaver
Davids	Jefferson	Morrison	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek
Farrell	Kalis	O'Connor	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 1396, A bill for an act relating to local government; allowing Pine county to transfer money from the county welfare fund to the general fund to support a hospital.

The bill was read for 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:

Abrams	Frederick	Kelso	Ogren	Segal
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Skoglund
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Smith
Battaglia	Goodno	Krinkie	Omann	Solberg
Bauerly	Greenfield	Krueger	Onnen	Sparby
Beard	Gruenes	Lasley	Orenstein	Stanius
Begich	Gutknecht	Leppik	Orfield	Steensma
Bertram	Hanson	Lieder	Osthoff	Sviggum
Bettermann	Hartle	Limmer	Ostrom	Swenson
Bishop	Hasskamp	Long	Ozment	Thompson
Blatz	Haukoos	Lourey	Pauly	Tompkins
Bodahl	Hausman	Lynch	Pellow	Trimble
Boo	Heir	Macklin	Pelowski	Tunheim
Brown	Henry	Mariani	Peterson	Uphus
Carlson	Hufnagle	Marsh	Pugh	Valento
Carruthers	Hugoson	McEachern	Reding	Vellenga
Clark	Jacobs	McGuire	Rest	Wagenius
Cooper	Janezich	McPherson	Rice	Waltman
Dauner	Jaros	Milbert	Rodosovich	Weaver
Davids	Jefferson	Morrison	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek
Farrell	Kalis	O'Connor	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 1418, A bill for an act relating to human services; Minnesota comprehensive health association; clarifying the calculation of contributing members' share of expenses; excluding medical assistance and general assistance medical care payments from the calculation; amending Minnesota Statutes 1990, section 62E.11, 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 134 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Ogren	Segal
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Skoglund
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Smith
Battaglia	Goodno	Krinkie	Omann	Solberg
Bauerly	Greenfield	Krueger	Onnen	Sparby
Beard	Gruenes	Lasley	Orenstein	Stanius
Begich	Gutknecht	Leppik	Orfield	Steensma
Bertram	Hanson	Lieder	Osthoff	Sviggum
Bettermann	Hartle	Limmer	Ostrom	Swenson
Bishop	Hasskamp	Long	Ozment	Thompson
Blatz	Haukoos	Lourey	Pauly	Tompkins
Bodahl	Hausman	Lynch	Pellow	Trimble
Boo	Heir	Macklin	Pelowski	Tunheim
Brown	Henry	Mariani	Peterson	Uphus
Carlson	Hufnagle	Marsh	Pugh	Valento
Carruthers	Hugoson	McEachern	Reding	Vellenga
Clark	Jacobs	McGuire	Rest	Wagenius
Cooper	Janezich	McPherson	Rice	Waltman
Dauner	Jaros	Milbert	Rodosovich	Weaver
Davids	Jefferson	Morrison	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	*Johnson, V.*	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek
Farrell	Kalis	O'Connor	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 1549 was reported to the House.

Wenzel moved to amend H. F. No. 1549, the first engrossment, as follows:

Page 2, line 9, delete "1991" and insert "1981"

The motion prevailed and the amendment was adopted.

H. F. No. 1549, A resolution memorializing the President and the Congress of the United States to take action to alleviate the crisis in the Midwest dairy industry.

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:

Abrams	Frederick	Knickerbocker	Olson, E.	Skoglund
Anderson, I.	Garcia	Koppendrayer	Olson, K.	Smith
Anderson, R.	Girard	Krinkie	Omann	Solberg
Anderson, R. H.	Goodno	Krueger	Onnen	Sparby
Battaglia	Greenfield	Lasley	Orenstein	Stanius
Bauerly	Gruenes	Leppik	Orfield	Steensma
Beard	Gutknecht	Lieder	Osthoff	Sviggum
Begich	Hanson	Limmer	Ostrom	Swenson
Bertram	Hartle	Long	Ozment	Thompson
Bettermann	Hasskamp	Lourey	Pauly	Tompkins
Bishop	Haukoos	Lynch	Pellow	Trimble
Blatz	Hausman	Macklin	Pelowski	Tunheim
Bodahl	Henry	Mariani	Peterson	Uphus
Boo	Hufnagle	Marsh	Pugh	Valento
Brown	Hugoson	McEachern	Reding	Vellenga
Carlson	Jacobs	McGuire	Rest	Wagenius
Carruthers	Janezich	McPherson	Rice	Waltman
Clark	Jaros	Milbert	Rodosovich	Weaver
Cooper	Jefferson	Morrison	Rukavina	Wejcman
Dauner	Jennings	Munger	Runbeck	Welker
Davids	Johnson, A.	Murphy	Sarna	Welle
Dawkins	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dempsey	Johnson, V.	Nelson, S.	Scheid	Winter
Dille	Kahn	Newinski	Schreiber	Spk. Vanasek
Dorn	Kalis	O'Connor	Seaberg	
Erhardt	Kelso	Ogren	Segal	
Farrell	Kinkel	Olsen, S.	Simoneau	

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

S. F. No. 6, A bill for an act relating to insurance; clarifying policy requirement provisions relating to Medicare supplement insurance plans; amending Minnesota Statutes 1990, section 62A.31, 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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Cooper	Hartle	Kelso	McPherson
Anderson, I.	Dauner	Hasskamp	Kinkel	Milbert
Anderson, R.	Davids	Haukoos	Knickerbocker	Morrison
Anderson, R. H.	Dawkins	Hausman	Koppendrayer	Munger
Battaglia	Dempsey	Heir	Krinkie	Murphy
Bauerly	Dille	Henry	Krueger	Nelson, K.
Beard	Dorn	Hufnagle	Lasley	Nelson, S.
Begich	Erhardt	Hugoson	Leppik	Newinski
Bertram	Farrell	Jacobs	Lieder	O'Connor
Bettermann	Frederick	Janezich	Limmer	Ogren
Bishop	Frerichs	Jaros	Long	Olsen, S.
Blatz	Garcia	Jefferson	Lourey	Olson, E.
Bodahl	Girard	Jennings	Lynch	Olson, K.
Boo	Goodno	Johnson, A.	Macklin	Omann
Brown	Greenfield	Johnson, R.	Mariani	Onnen
Carlson	Gruenes	Johnson, V.	Marsh	Orenstein
Carruthers	Gutknecht	Kahn	McEachern	Orfield
Clark	Hanson	Kalis	McGuire	Osthoff

Ostrom	Rodosovich	Simoneau	Thompson	Weaver
Ozment	Rukavina	Skoglund	Tompkins	Wejcman
Pauly	Runbeck	Smith	Trimble	Welker
Pellow	Sarna	Solberg	Tunheim	Welle
Pelowski	Schafer	Sparby	Uphus	Wenzel
Peterson	Scheid	Stanius	Valento	Winter
Pugh	Schreiber	Steensma	Vellenga	Spk. Vanasek
Reding	Seaberg	Sviggum	Wagenius	
Rice	Segal	Swenson	Waltman	

The bill was passed and its title agreed to.

SPECIAL ORDERS

H. F. No. 977 was reported to the House.

Solberg moved to amend H. F. No. 977, the first engrossment, as follows:

Page 4, line 17, after "an" insert "average monthly"

Page 4, line 19, delete "in any calendar month"

The motion prevailed and the amendment was adopted.

Solberg moved to amend H. F. No. 977, the first engrossment, as amended, as follows:

Page 2, line 19, before "acquisition" insert "or" and delete the fourth comma

Page 2, line 20, delete "or" and insert "of"

Page 4, line 19, delete everything after "pipelines" and insert ", not including the amount of motor fuel sold at retail;"

Page 6, line 15, delete everything after "(7)" and insert "describe contracts, correspondence, or other documentation showing"

Page 7, line 34, after the period insert "Before requesting an unannounced drill the requesting commissioner shall notify the other commissioners that a drill will be requested and invite them to participate in or witness the drill. No person may be required to conduct more than one unannounced drill within a calendar year if the person conducted the previous drill to the satisfaction of the commissioners."

Page 8, line 17, after the period insert "If the commissioners order

conflicting amendments to a plan the coordinator named in section 8 shall, in consultation with the commissioners resolve the conflict."

Page 8, line 29, before "The" insert "In addition to the authority of the commissioner of the pollution control agency under other law,"

Page 8, line 32, delete everything after "violations" and insert "of this chapter, section 115.061, or rules adopted by the pollution control agency under sections 115.03, subdivision 1, paragraph (e), clause (3), and 116.49."

Page 8, line 33, delete everything before "The"

Page 9, line 4, delete "or provide a letter of credit"

Page 11, line 18, delete "COMMUNICATION REVIEW" and insert "REVIEWS"

Page 11, after line 18, insert:

"Subdivision 1. [COMMUNICATION REVIEW.]"

Page 11, after line 31, insert:

"Subd. 2. [REVIEW OF RESPONSE AND MAJOR DISCHARGE CLEANUP.] The commissioner of the pollution control agency, in consultation with public and private responders, shall review current state practices for response and followup to discharges and report to the legislature by January 1, 1992. The review must recommend how preparing, training, and directing state, local, and private responders should be done; evaluate and recommend procedures for cleanup oversight of pipeline and tank discharges occurring before the effective date of this act; evaluate adequacy of existing resources and authorities for response and cleanup oversight; and recommend whether liability provisions of existing law related to discharges should be amended."

Page 12, line 25, delete everything after "on" and insert "or after March 1, 1991."

The motion prevailed and the amendment was adopted.

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

Welker and Cooper moved to amend H. F. No. 977, the first engrossment, as amended, as follows:

Page 12, after line 5, insert:

"Sec. 12. Minnesota Statutes 1990, section 116.38, is amended by adding a subdivision to read:

Subd. 3. [LOCAL PERMIT.] A proposal to burn PCBs that requires an environmental impact statement under subdivision 2 is a land use that must be separately permitted by the local government unit in which the facility to burn the PCBs is located. PCBs may not be burned at the facility until a permit is issued by the local government unit to specifically authorize the burning."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

POINT OF ORDER

Kahn raised a point of order pursuant to rule 3.09 that the Welker and Cooper amendment was not in order. The Speaker ruled the point of order not well taken and the amendment in order.

The question recurred on the Welker and Cooper amendment and the roll was called. There were 53 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Goodno	Kalis	Ostrom	Sviggum
Bettermann	Gruenes	Koppendrayer	Ozment	Tompkins
Blatz	Gutknecht	Krinkie	Pauly	Trimble
Brown	Hartle	Lynch	Pellow	Uphus
Cooper	Haukoos	Macklin	Pelowski	Valento
Davids	Heir	Marsh	Peterson	Waltman
Dempsey	Henry	McPherson	Reding	Welker
Erhardt	Hufnagle	Morrison	Schafer	Welle
Frederick	Hugoson	Olson, K.	Seaberg	Winter
Frerichs	Jennings	Omann	Smith	
Girard	Johnson, V.	Onnen	Stanius	

Those who voted in the negative were:

Abrams	Carlson	Hausman	Lieder	Newinski
Anderson, I.	Carruthers	Jacobs	Long	O'Connor
Anderson, R. H.	Clark	Jefferson	Lourey	Ogren
Battaglia	Dauner	Johnson, A.	Mariani	Olsen, S.
Bauerly	Dille	Johnson, R.	McEachern	Olson, E.
Beard	Dorn	Kahn	Milbert	Orenstein
Begich	Farrell	Kelso	Munger	Orfield
Bertram	Garcia	Kinkel	Murphy	Osthoff
Bodahl	Greenfield	Lasley	Nelson, K.	Pugh
Boo	Hanson	Leppik	Nelson, S.	Rest

Rice	Scheid	Solberg	Tunheim	Wenzel
Rodosovich	Schreiber	Sparby	Vellenga	Spk. Vanasek
Rukavina	Segal	Steensma	Wagenius	
Runbeck	Simoneau	Swenson	Weaver	
Sarna	Skoglund	Thompson	Wejcman	

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

H. F. No. 977, A bill for an act relating to the environment; prescribing who must prevent, prepare for, and respond to worst case discharges of oil and hazardous substances; describing response plans; authorizing the commissioners of the pollution control agency and departments of agriculture and public safety to order compliance; providing for good samaritan assistance; authorizing cooperation between public and private responders; requiring the establishment of a single answering point system; authorizing citizens advisory groups; providing penalties; amending Minnesota Statutes 1990, section 116.072, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 115E.

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:

Abrams	Farrell	Kelso	Olsen, S.	Simoneau
Anderson, I.	Frederick	Kinkel	Olson, E.	Skoglund
Anderson, R.	Frerichs	Knickerbocker	Olson, K.	Smith
Anderson, R. H.	Garcia	Koppendrayer	Omann	Solberg
Battaglia	Girard	Krinkie	Onnen	Sparby
Bauerly	Goodno	Lasley	Orenstein	Stanius
Beard	Greenfield	Leppik	Orfield	Steensma
Begich	Gruenes	Lieder	Osthoff	Sviggum
Bertram	Hanson	Limmer	Ostrom	Swenson
Bettermann	Hartle	Long	Ozment	Thompson
Bishop	Hasskamp	Lourey	Pauly	Tompkins
Blatz	Haukoos	Lynch	Pellow	Trimble
Bodahl	Hausman	Macklin	Pelowski	Tunheim
Boo	Heir	Mariani	Peterson	Uphus
Brown	Henry	Marsh	Pugh	Valento
Carlson	Hufnagle	McEachern	Reding	Vellenga
Carruthers	Hugoson	McGuire	Rest	Wagenius
Clark	Jacobs	Milbert	Rice	Waltman
Cooper	Janezich	Morrison	Rodosovich	Weaver
Dauner	Jefferson	Munger	Runbeck	Wejcman
Davids	Jennings	Murphy	Sarna	Welker
Dawkins	Johnson, A.	Nelson, K.	Schafer	Welle
Dempsey	Johnson, R.	Nelson, S.	Scheid	Wenzel
Dille	Johnson, V.	Newinski	Schreiber	Winter
Dorn	Kahn	O'Connor	Seaberg	Spk. Vanasek
Erhardt	Kalis	Ogren	Segal	

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

Long moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Long moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Tunheim moved that his name be stricken and the name of Trimble be shown as chief author on H. F. No. 1185. The motion prevailed.

Macklin moved that the names of Smith and Marsh be added as authors on H. F. No. 1272. The motion prevailed.

Dawkins moved that the name of Pugh be added as an author on H. F. No. 1295. The motion prevailed.

Wagenius moved that the name of Smith be added as an author on H. F. No. 1616. The motion prevailed.

Vellenga moved that the name of Limmer be added as an author on H. F. No. 1621. The motion prevailed.

Runbeck moved that the name of Clark be added as an author on H. F. No. 1653. The motion prevailed.

Stanius moved that H. F. No. 1604 be recalled from the Committee on Education and be re-referred to the Committee on Appropriations. The motion prevailed.

ADJOURNMENT

Long moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Wednesday, April 24, 1991.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1991

THIRTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 24, 1991

The House of Representatives convened at 2:30 p.m. and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by Pastor Bruce Wanless, Director of Ministries, Temple Baptist Church, St. Paul, Minnesota.

The roll was called and the following members were present:

Abrams	Frerichs	Knickerbocker	Olson, E.	Smith
Anderson, I.	Garcia	Koppendrayer	Olson, K.	Solberg
Anderson, R. H.	Girard	Krinkie	Omann	Sparby
Battaglia	Goodno	Krueger	Onnen	Stanius
Bauerly	Gruenes	Lasley	Orenstein	Steensma
Beard	Gutknecht	Leppik	Orfield	Sviggum
Begich	Hanson	Lieder	Osthoff	Swenson
Bertram	Hartle	Limmer	Ostrom	Thompson
Bettermann	Hasskamp	Long	Ozment	Tompkins
Bishop	Haukoos	Lourey	Pauly	Trimble
Blatz	Hausman	Lynch	Pellow	Tunheim
Bodahl	Heir	Macklin	Pelowski	Uphus
Boo	Henry	Mariani	Peterson	Valento
Brown	Hufnagle	Marsh	Pugh	Vellenga
Carlson	Hugoson	McEachern	Reding	Wagenius
Carruthers	Jacobs	McGuire	Rest	Waltman
Clark	Janezich	McPherson	Rice	Weaver
Cooper	Jaros	Milbert	Rodosovich	Wejcman
Dauner	Jefferson	Morrison	Rukavina	Welker
Davids	Jennings	Munger	Runbeck	Welle
Dawkins	Johnson, A.	Murphy	Sarna	Wenzel
Dempsey	Johnson, R.	Nelson, K.	Schafer	Winter
Dille	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Dorn	Kahn	Newinski	Schreiber	
Erhardt	Kalis	O'Connor	Seaberg	
Farrell	Kelso	Ogren	Simoneau	
Frederick	Kinkel	Olsen, S.	Skoglund	

A quorum was present.

Anderson, R.; Greenfield and Segal were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Garcia 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.

PETITIONS AND COMMUNICATIONS

The following communications were received:

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

The Honorable Robert E. Vanasek
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 1991 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	*H.F. No.*	*Session Laws Chapter No.*	*Time and Date Approved 1991*	*Date Filed 1991*
583		30	5:12 p.m. April 19	April 22

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 22, 1991

The Honorable Robert E. Vanasek
Speaker of the House of Representatives
The State of Minnesota

Dear Representative Vanasek:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 196, memorializing the Congress of the United States to enact the POW/MIA truth bill, that relates to the disclosure of live sighting information on American service personnel missing in action from World War II, Korea, and Vietnam.

H. F. No. 795, relating to counties; removing certain restrictions on county morgues.

H. F. No. 131, relating to Meeker county; authorizing the county board to provide for an addition to the county hospital.

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Robert E. Vanasek
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 1991 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the-

Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	*H.F. No.*	*Session Laws Chapter No.*	*Time and Date Approved 1991*	*Date Filed 1991*
	196	Resolution No. 5	3:05 p.m. April 22	April 22
	795	31	3:10 p.m. April 22	April 22
	131	32	3:12 p.m. April 22	April 22
252		33	4:16 p.m. April 22	April 22

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

Ogren from the Committee on Taxes to which was referred:

H. F. No. 27, A bill for an act relating to housing; authorizing neighborhood land trusts; providing for homestead property tax status; designating sources of funding; authorizing state housing expenditures through neighborhood land trusts; appropriating money; amending Minnesota Statutes 1990, sections 116J.984, subdivisions 1 and 5; 273.124, by adding a subdivision; 462A.03, by adding a subdivision; 462A.201, subdivision 2; and 469.205, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 462A.

Reported the same back with the following amendments:

Page 7, delete section 3

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete everything after "trusts;"

Page 1, line 7, delete "273.124, by"

Page 1, line 8, delete "adding a subdivision;" and insert "462A.02, 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.

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

H. F. No. 65, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited land that borders public water in the city of Barnesville in Clay county.

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 197, A bill for an act relating to health; eliminating restrictions on disclosing birth record of a child born to an unmarried woman; amending Minnesota Statutes 1990, section 144.225, subdivision 1; repealing Minnesota Statutes 1990, section 144.225, subdivisions 2 and 4; and Minnesota Rules, part 4600.1300.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 144.225, subdivision 2, is amended to read:

Subd. 2. [~~INFORMATION~~ DATA ABOUT ~~CERTAIN~~ BIRTHS.] ~~Disclosure of information pertaining to~~ (a) Except as otherwise provided in this subdivision, data pertaining to the birth of a child to a woman who was not married to the child's father when the child was conceived nor when the child was born, including the original certificate of birth and the certified copy, are confidential data. At the time of the birth of a child to a woman who was not married to the child's father when the child was conceived nor when the child was born ~~or information from which it can be ascertained, shall be made only to the guardian of the person, the person to whom the record pertains when the person is 18 years of age or older, a parent of the person born to a mother who was not married to the child's father when the child was conceived nor when the child was born as provided by section 144.218, subdivision 1, or upon order of a court of competent jurisdiction~~, the mother may designate on the birth registration form whether data pertaining to the birth will be public

data. Notwithstanding the designation of the data as confidential, it may be disclosed to a parent or guardian of the child, to the child when the child is 18 years of age or older, or pursuant to a court order.

(b) If a child is adopted, data pertaining to the child's birth are governed by the provisions relating to adoption records, including sections 13.10, subdivision 5; 144.1761; 144.218, subdivision 1; and 259.49. The birth and death records of the commissioner of health shall be open to inspection by the commissioner of human services and it shall not be necessary for the commissioner of human services to obtain an order of the court in order to inspect records or to secure certified copies of them.

Sec. 2. Minnesota Statutes 1990, section 144.225, subdivision 4, is amended to read:

Subd. 4. [ACCESS TO RECORDS FOR RESEARCH PURPOSES.] The state registrar may permit persons performing medical research access to the information restricted in subdivision 2 if those persons agree in writing not to disclose private or confidential data on individuals."

Delete the title and insert:

"A bill for an act relating to health; changing restrictions on disclosing birth record of a child born to an unmarried woman; amending Minnesota Statutes 1990, section 144.225, subdivisions 2 and 4."

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. 582, A bill for an act relating to education; making technical corrections to certain statutes and laws; amending Minnesota Statutes 1990, sections 120.06, subdivision 1; 120.062, subdivision 8a, and by adding a subdivision; 120.0752, subdivision 2; 120.101, subdivision 4; 120.17, subdivision 3b; 121.612, subdivisions 2 and 5; 123.3514, subdivisions 6 and 6b; 123.932, subdivisions 3 and 4; 124.14, subdivision 1; 124.195, subdivisions 10 and 11; 124.214, subdivisions 2 and 3; 124.225; 124.244, subdivision 3; 124.83, subdivisions 1 and 5; 124A.036, subdivision 5; 124A.24; 124B.03, subdivision 2; 125.60, subdivision 3; 127.27, subdivisions 2, 4, 5, and 10; 127.29; 127.30, subdivisions 1 and 3; 127.31,

subdivision 2; 275.065, subdivision 6; 275.125, subdivisions 5b, 5c, 18, and 20; and 275.16; proposing coding for new law in Minnesota Statutes, chapter 121; repealing Minnesota Statutes 1990, section 124.225, subdivisions 3, 4b, 7c, 8b, 8i, and 8j.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 120.062, subdivision 4, is amended to read:

Subd. 4. [PUPIL APPLICATION PROCEDURES.] In order that a pupil may attend a school or program in a nonresident district, the pupil's parent or guardian must submit an application to the nonresident district. Before submitting an application, the pupil and the pupil's parent or guardian must explore with a school guidance counselor, or other appropriate staff member employed by the district the pupil is currently attending, the pupil's academic or other reason for applying to enroll in a nonresident district. The pupil's application must identify the reason for enrolling in the nonresident district. The parent or guardian of a pupil must submit an application by January ~~1~~ 15 for initial enrollment beginning the following school year. The application shall be on a form provided by the department of education. A particular school or program may be requested by the parent. Once enrolled in a nonresident district, the pupil may remain enrolled and is not required to submit annual or periodic applications. To return to the resident district or to transfer to a different nonresident district, the parent or guardian of the pupil must provide notice to the resident district or apply to a different nonresident district by January ~~1~~ 15 for enrollment beginning the following school year.

Sec. 2. Minnesota Statutes 1990, section 120.062, subdivision 6, is amended to read:

Subd. 6. [NONRESIDENT DISTRICT PROCEDURES.] A district that does not exclude nonresident pupils, according to subdivision 3, shall notify the parent or guardian in writing by February ~~1~~ 15 whether the application has been accepted or rejected. If an application is rejected, the district must state in the notification the reason for rejection. The parent or guardian shall notify the nonresident district by ~~February 15~~ March 1 whether the pupil intends to enroll in the nonresident district. Notice of intent to enroll in the nonresident district obligates the pupil to attend the nonresident district during the following school year, unless the school boards of the resident and the nonresident districts agree in writing to allow the pupil to transfer back to the resident district, or the pupil's parents or guardians change residence to another district. If a parent or guardian does not notify the nonresident district, the pupil

may not enroll in that nonresident district during the following school year, unless the school boards of the resident and nonresident district agree otherwise. The nonresident district shall notify the resident district by March ~~1~~ 15 of the pupil's intent to enroll in the nonresident district. The same procedures apply to a pupil who applies to transfer from one participating nonresident district to another participating nonresident district.

Sec. 3. Minnesota Statutes 1990, section 120.062, subdivision 8a, is amended to read:

Subd. 8a. [~~WAIVER OF~~ EXCEPTIONS TO DEADLINES.] ~~(a)~~ Notwithstanding subdivision 4, the following pupil application procedures apply:

(a) Upon agreement of the resident and nonresident school districts, a pupil may submit an application to a nonresident district after January ~~1~~ 15 for enrollment beginning the following school year. ~~The pupil, the pupil's parent or guardian, the district of residence, and the district of attendance must observe, in a prompt and efficient manner, the application and notice procedures in subdivisions 4 and 6, except that the application and notice deadlines do not apply.~~

(b) ~~Notwithstanding subdivision 4,~~ If, as a result of entering into, modifying, or terminating an agreement under section 122.541 or 122.535 ~~entered into after January 1,~~ a pupil is assigned after December 1 to a different school, the pupil, the pupil's siblings, or any other pupil residing in the pupil's residence may submit an application to a nonresident district ~~after January 1 but~~ at any time before ~~June~~ July 1 for enrollment beginning the following school year.

(c) A pupil who becomes a resident of a school district between December 1 and June 30 may submit an application to a nonresident district for enrollment beginning the following school year not later than 60 days after establishing residence in the district.

A pupil who becomes a resident of a school district between July 1 and the following Labor Day may submit an application to a nonresident district for enrollment beginning the current school year not later than 60 days after establishing residence in the district.

Under paragraphs (a), (b), and (c), the ~~pupil~~ applicant, the ~~pupil's~~ applicant's parent or guardian, the district of residence, and the district of attendance must observe, in a prompt and efficient manner, the application and notice procedures in subdivisions 4 and 6, except that the application and notice deadlines do not apply.

Sec. 4. Minnesota Statutes 1990, section 120.0752, subdivision 2, is amended to read:

Subd. 2. The pupil's parent or guardian must receive the approval of the school board of the nonresident district and the school board of the resident district. ~~The approval shall be on a form provided by the department of education. The superintendent of the nonresident district shall forward a copy of this form to the department of education within ten days of its approval. If the student withdraws from the nonresident district the superintendent of that district shall report the fact to the department of education.~~ The nonresident school board shall notify the resident school board of the approval.

Sec. 5. Minnesota Statutes 1990, section 121.612, subdivision 2, is amended to read:

Subd. 2. [CREATION OF FOUNDATION.] There is created the Minnesota academic excellence foundation. The purpose of the foundation shall be to promote academic excellence in Minnesota public and nonpublic schools through public-private partnerships. The foundation shall be a nonprofit organization. The board of directors of the foundation and foundation activities are under the direction of the state board of education.

Sec. 6. Minnesota Statutes 1990, section 121.612, subdivision 5, is amended to read:

Subd. 5. [POWERS AND DUTIES.] The foundation may:

(1) establish and collect membership fees;

(2) publish brochures or booklets relating to the purposes of the foundation and collect reasonable fees for the publications;

(3) receive money, grants, and in-kind goods or services from nonstate sources for the purposes of the foundation, without complying with section 7.09, subdivision 1;

(4) contract with consultants; ~~and~~

(5) expend money for awards and other forms of recognition and appreciation; and

(6) determine procedures and expenditures for awards and recognitions to teachers, students, donors, and other people who are not employees of the executive branch.

Sec. 7. Minnesota Statutes 1990, section 122.23, subdivision 18, is amended to read:

Subd. 18. (a) ~~If no board is provided for under the foregoing provision,~~ Upon receipt of the assigned identification number, the county auditor shall determine a date, not less than 20 nor more than 60 days from the date of the receipt of the assigned identification number, upon which date shall be held a special election in the district for the purpose of electing a board of six members for terms as follows: two until the July 1 one year after the effective date of the consolidation, two until the expiration of one year from said July 1, and two until the expiration of two years from said July 1, to hold office until a successor is elected and qualifies according to provisions of law governing the election of board members in independent districts. If the resolution or petition for consolidation pursuant to subdivision 2 proposed that the board of the newly created district consists of seven members, then seven members shall be elected at this election for the terms provided in this clause except that three members shall hold office until the expiration of two years from said July 1. *If the resolution or petition for consolidation pursuant to* subdivision 2 proposed the establishment of separate election districts, these members shall be elected from separate election districts according to the provisions of that resolution or petition and of chapter 205A.

(b) The county auditor shall give ten days' posted notice of election in the area in which the election is to be held and also if there be a newspaper published in the proposed new district, one weeks' published notice shall be given. The notice shall specify the time, place, and purpose of the election.

(c) The county may pay the election judges not to exceed $1 per hour *for their services.*

(d) Any person desiring to be a candidate for a school election shall file an application with the county auditor to have the applicant's name placed on the ballot for such office, specifying the term for which the application is made. The application shall be filed not less than 12 days before the election.

(e) The county auditor shall prepare, at the expense of the county, necessary ballots for the election of officers, placing thereon the names of the proposed candidates for each office. The ballots shall be marked and signed as official ballots and shall be used exclusively at the election. The county auditor shall determine the number of *voting precincts and the boundaries* of each. The county auditor shall determine the location of polling places and the hours the polls shall be open and shall appoint three election judges for each polling place who shall act as clerks of election. Election judges shall certify ballots and results to the county auditor for tabulation and canvass.

(f) After making a canvass and tabulation, the county auditor shall issue a certificate of election to the candidate for each office who received the largest number of votes cast for the office. The

county auditor shall deliver such certificate to the person entitled thereto by certified mail, and each person so certified shall file an acceptance and oath of office with the county auditor within 30 days of the date of mailing of the certificate. A person who fails to qualify prior to the time specified shall be deemed to have refused to serve, but such filing may be made at any time before action to fill vacancy has been taken.

(g) The board of each district included in the new enlarged district shall continue to maintain school therein until the effective date of the consolidation. Such boards shall have power and authority only to make such contracts, to do such things as are necessary to maintain properly the schools for the period prior to that date, and to certify to the county auditor according to levy limitations applicable to the component districts the taxes collectible in the calendar year when the consolidation becomes effective.

(h) It shall be the immediate duty of the newly elected board of the new enlarged district, when the members thereof have qualified and the board has been organized, to plan for the maintenance of the school or schools of the new district for the next school year, to enter into the necessary negotiations and contracts for the employment of personnel, purchase of equipment and supplies, and other acquisition and betterment purposes, when authorized by the voters to issue bonds under the provisions of chapter 475; and on the effective date of the consolidation to assume the full duties of the care, management and control of the new enlarged district. The board of the new enlarged district shall give due consideration to the feasibility of maintaining such existing attendance centers and of establishing such other attendance centers, especially in rural areas, as will afford equitable and efficient school administration and assure the convenience and welfare of the pupils residing in the enlarged district. The obligations of the new board to teachers employed by component districts shall be governed by the provisions of section 122.532.

Sec. 8. Minnesota Statutes 1990, section 123.932, subdivision 3, is amended to read:

Subd. 3. [NONPUBLIC SCHOOL DEFINED.] "Nonpublic school" means any school ~~within the state other than a public school~~, church or religious organization, or home school wherein a resident of Minnesota may legally fulfill the compulsory ~~school attendance~~ instruction requirements of section 120.101, which is located within the state, and which meets the requirements of Title VI of the Civil Rights Act of 1964 (Public Law Number 88-352). It does not mean a public school.

Sec. 9. Minnesota Statutes 1990, section 124.14, subdivision 1, is amended to read:

Subdivision 1. The state board shall supervise distribution of school aids and grants in accordance with law. It may make rules consistent with law for the distribution to enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for the reports and accounts to it as will assure accurate and lawful apportionment of aids. State and federal aids and discretionary or entitlement grants distributed by the state board shall not be subject to the contract approval procedures of the commissioner of administration or to chapter ~~16~~ 16A or 16B. The commissioner of education shall adopt internal procedures for administration and monitoring of aids and grants.

Sec. 10. Minnesota Statutes 1990, section 124.155, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENT TO AIDS.] The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

(a) general education aid authorized in sections 124A.23 and 124B.20;

(b) secondary vocational aid authorized in section 124.573;

(c) special education aid authorized in section 124.32;

(d) secondary vocational aid for handicapped children authorized in section 124.574;

(e) aid for pupils of limited English proficiency authorized in section 124.273;

(f) transportation aid authorized in section 124.225;

(g) community education programs aid authorized in section 124.2713;

(h) adult education aid authorized in section 124.26;

(i) early childhood family education aid authorized in section 124.2711;

(j) capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;

(k) education district aid according to section 124.2721;

(l) secondary vocational cooperative aid according to section 124.575;

(m) assurance of mastery aid according to section 124.311;

(n) individual learning and development aid according to section 124.331;

(o) homestead credit under section 273.13 for taxes payable in 1989 and additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;

~~(n)~~ (p) agricultural credit under section 273.132 for taxes payable in 1989 and additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;

~~(o)~~ (q) homestead and agricultural credit aid and disparity reduction aid authorized in section 273.1398, subdivision 2; and

~~(p)~~ (r) attached machinery aid authorized in section 273.138, subdivision 3.

The commissioner of education shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 11. Minnesota Statutes 1990, 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 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.

(c) The term "payment date" means the date on which state payments to school districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, the payment shall be made on the immediately preceding business day. If a payment date falls on a Sunday, the payment shall be made on the immediately following business day. If a payment date falls on a weekday which is a legal holiday, the payment shall be made on the immediately preceding business day. The commissioner of education may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the electronic funds transfer method due to documented extenuating circumstances.

Sec. 12. Minnesota Statutes 1990, section 124.195, subdivision 3, is amended to read:

Subd. 3. [PAYMENT DATES AND PERCENTAGES.] The commissioner of education shall pay to a school district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district's other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

	Payment date	Percentage
Payment 1	~~First business day prior to~~ July 15:	2.25
Payment 2	~~First business day prior to~~ July 30:	4.50
Payment 3	~~First business day prior to~~ August 15:	6.75
Payment 4	~~First business day prior to~~ August 30:	9.0

Payment 5	~~First business day prior to~~ September 15: the greater of (a) one-half of the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392, or (b) the amount needed to provide 12.75 percent	
Payment 6	~~First business day prior to~~ September 30: the greater of (a) one-half of the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392, or (b) the amount needed to provide 16.5 percent	
Payment 7	~~First business day prior to~~ October 15: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 20.75 percent	
Payment 8	~~First business day prior to~~ October 30: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 25.0 percent	
Payment 9	~~First business day prior to~~ November 15:	31.0
Payment 10	~~First business day prior to~~ November 30:	37.0
Payment 11	~~First business day prior to~~ December 15:	40.0
Payment 12	~~First business day prior to~~ December 30:	43.0
Payment 13	~~First business day prior to~~ January 15:	47.25
Payment 14	~~First business day prior to~~ January 30:	51.5
Payment 15	~~First business day prior to~~ February 15:	56.0
Payment 16	~~First business day prior to~~ February 28:	60.5
Payment 17	~~First business day prior to~~ March 15:	65.25
Payment 18	~~First business day prior to~~ March 30:	70.0
Payment 19	~~First business day prior to~~ April 15:	73.0
Payment 20	~~First business day prior to~~ April 30:	79.0
Payment 21	~~First business day prior to~~ May 15:	82.0
Payment 22	~~First business day prior to~~ May 30:	90.0
Payment 23	~~First business day prior to~~ June 20:	100.0

Sec. 13. Minnesota Statutes 1990, section 124.195, subdivision 3a, is amended to read:

Subd. 3a. [APPEAL.] The commissioner may revise the payment dates and percentages in subdivision 3 ~~and Laws 1986, First Special Session chapter 1, article 5, section 9~~ for a district if it is determined that there is an emergency or there are serious cash flow problems in the district that cannot be resolved by issuing warrants or other forms of indebtedness. The commissioner shall establish a process and criteria for school districts to appeal the payment dates and percentages established in subdivision 3 ~~and Laws 1986, First Special Session chapter 1 article 5, section 9~~.

Sec. 14. Minnesota Statutes 1990, section 124.195, subdivision 10, is amended to read:

Subd. 10. [AID PAYMENT PERCENTAGE.] Except as provided in subdivisions 8 ~~and~~, 9, and 11, each fiscal year, all education aids and credits in this chapter and chapters 121, 123, 124A, 124B, 125, 126, 134, and section 273.1392, ~~except post-secondary vocational~~ shall be paid at 85 percent of the estimated entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid as the final adjustment payment according to subdivision 6.

Sec. 15. Minnesota Statutes 1990, section 124.195, subdivision 11, is amended to read:

Subd. 11. [NONPUBLIC AIDS.] The state shall pay aid according to sections 123.931 to 123.947 for pupils attending nonpublic schools ~~by October 31 of each fiscal year.~~ as follows:

(1) an advance payment by November 30 equal to 85 percent of the estimated entitlement for the current fiscal year; and

(2) a final payment by October 31 of the following fiscal year, adjusted for actual data.

If a payment advance to meet cash flow needs is requested by a district and approved by the commissioner, the state shall pay basic transportation aid according to section 124.225, ~~subdivision 8b~~ attributable to pupils attending nonpublic schools by October 31. ~~This subdivision applies to both the final adjustment payment for the prior fiscal year and the payment for the current fiscal year, as established in subdivision 10.~~

Sec. 16. Minnesota Statutes 1990, section 124.2139, is amended to read:

124.2139 [REDUCTION OF PAYMENTS TO SCHOOL DISTRICTS.]

The commissioner of revenue shall reduce ~~the homestead credit payments under section 273.13 for fiscal year 1990, and~~ the sum of the additional homestead and agricultural credit guarantee, homestead and agricultural credit aid, and disparity reduction aid payments under section 273.1398 ~~for fiscal years 1991 and thereafter~~ made to school districts by the product of:

(1) the district's fiscal year 1984 payroll for coordinated plan members of the public employees retirement association, times

(2) the difference between the employer contribution rate in effect prior to July 1, 1984, and the total employer contribution rate in effect after June 30, 1984.

Sec. 17. Minnesota Statutes 1990, section 124.214, subdivision 2, is amended to read:

Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any school district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the school district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 275.48. ~~The abatement adjustment shall be recognized as revenue in the fiscal year in which it is received.~~ The amount of the abatement adjustment shall be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(a) the sum of the amounts of the district's certified levy in the preceding ~~October~~ year according to the following:

(i) section 124A.23 if the district receives general education aid according to that section, or section 124B.20, if the education district of which the district is a member receives general education aid according to that section;

(ii) section 275.125, subdivisions 5 and 5c, if the district receives transportation aid according to section 124.225;

(iii) section 124.243, if the district receives capital expenditure facilities aid according to that section;

(iv) section 124.244, if the district receives capital expenditure equipment aid according to that section;

(v) section 124.83, if the district receives health and safety aid according to that section;

(vi) ~~section 275.125, subdivision 8, clauses (a) and (b)~~ sections 124.2713, 124.2714, and 124.2715, if the district receives ~~community education~~ aid for community education programs according to ~~section 124.271~~ any of those sections; and

(vii) section 275.125, subdivision 8b, if the district receives early childhood family education aid according to section 124.2711; ~~and~~

~~(viii) section 275.125, subdivision 6f, if the district receives exceptional need aid according to section 124.217;~~

(b) to the total amount of the district's certified levy in the preceding October, plus or minus auditor's adjustments.

Sec. 18. Minnesota Statutes 1990, section 124.214, subdivision 3, is amended to read:

Subd. 3. [EXCESS TAX INCREMENT.] If a return of excess tax increment is made to a school district pursuant to section 469.176, subdivision 2, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(a) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the school district, times

(2) the ratio of:

(A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(i) section 124A.23, if the district receives general education aid according to that section, or section 124B.20, if the education district

of which the district is a member receives general education aid according to that section;

(ii) section 275.125, subdivisions 5 and 5c, if the school district receives transportation aid according to section 124.225;

(iii) section 124.243, if the district receives capital expenditure facilities aid according to that section;

(iv) section 124.244, if the district receives capital expenditure equipment aid according to that section;

(v) section 124.83, if the district receives health and safety aid according to that section;

(vi) ~~section 275.125, subdivision 8, clauses (a) and (b)~~ sections 124.2713, 124.2714, and 124.2715, if the district receives ~~community education~~ aid for community education programs according to ~~section 124.271~~ any of those sections; and

(vii) section 275.125, subdivision 8b, if the district receives early childhood family education aid according to section 124.2711; ~~and~~

~~(viii) section 275.125, subdivision 6f, if the district receives exceptional need aid according to section 124.217;~~

(B) to the total amount of the school district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(b) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment, and

(2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

This subdivision applies only to the total amount of excess increments received by a school district for a calendar year that exceeds $25,000.

Sec. 19. Minnesota Statutes 1990, section 124.244, subdivision 3, is amended to read:

Subd. 3. [CAPITAL EXPENDITURE EQUIPMENT AID.] A district's capital expenditure equipment aid is the difference between the capital expenditure equipment revenue and the capital expenditure equipment levy. If a district does not levy the entire amount permitted, capital expenditure equipment aid must be reduced in proportion to the actual amount levied. Capital expenditure equipment aid must not be reduced as a result of a reduction of its capital expenditure equipment levy under section 121.912 or 124.2445.

Sec. 20. Minnesota Statutes 1990, section 124.2725, subdivision 8, is amended to read:

Subd. 8. [PERMANENT REVENUE.] (a) For the fourth year of combination and thereafter, for a district that combines after one year of cooperation, or for the third year of combination and thereafter, for a district that combines after two years of cooperation, a combined district that is not a member of an education district that receives revenue under section 124.2721 may levy the lesser of

(i) $50 times the actual pupil units in the combined district; or

(ii) $50,000.

(b) A combined district that is a member of an education district receiving revenue under section 124.2721 ~~must~~ may not receive revenue under this subdivision.

Sec. 21. Minnesota Statutes 1990, section 124.83, subdivision 1, is amended to read:

Subdivision 1. [HEALTH AND SAFETY PROGRAM.] To receive health and safety revenue for any fiscal year a district, including an intermediate district, must submit to the commissioner of education an application for aid and levy by ~~June 1 in the previous school year~~ the date determined by the commissioner. The application may be for hazardous substance removal, fire code compliance, or life safety repairs. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost of the program by fiscal year.

Sec. 22. Minnesota Statutes 1990, section 124.83, subdivision 5, is amended to read:

Subd. 5. [HEALTH AND SAFETY AID.] A district's health and safety aid is the difference between its health and safety revenue and its health and safety levy. If a district does not levy the entire amount permitted, health and safety aid must be reduced in proportion to the actual amount levied. Health and safety aid may

not be reduced as a result of reducing a district's health and safety levy according to section 121.912.

Sec. 23. Minnesota Statutes 1990, section 124A.036, subdivision 5, is amended to read:

Subd. 5. [ALTERNATIVE ATTENDANCE PROGRAMS.] The general education aid for districts must be adjusted for each pupil, excluding a handicapped pupil as defined in section 120.03 or a nonhandicapped pupil as defined by section 120.181, attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, ~~123.3515,~~ 124C.45 to 124C.48, and 126.22. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the general education revenue exclusive of compensatory revenue attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision shall be increased by an amount equal to the general education revenue exclusive of compensatory revenue attributable to the pupil in the nonresident district.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) The district of residence shall pay tuition to a district or an area learning center, operated according to paragraph (e), providing special instruction and services to a handicapped pupil, as defined in section 120.03, or a pupil, as defined in section 120.181, who is enrolled in a program listed in this subdivision. The tuition shall be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for transportation, minus (2) the amount of special education aid, attributable to that pupil, that is received by the district providing special instruction and services.

(e) An area learning center operated by an educational cooperative service unit, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge tuition for ~~nonhandicapped~~ pupils rather than to calculate general education aid adjustments under paragraph (a), (b), or (c). The tuition must be equal to the greater of the average general education revenue per pupil unit attributable to the ~~student~~ pupil, or the ~~average per pupil cost of operating the area learning center whichever is less~~ actual cost of providing the instruction,

excluding transportation costs, if the pupil meets the requirements of section 120.03 or 120.181.

Sec. 24. Minnesota Statutes 1990, section 124A.24, is amended to read:

124A.24 [GENERAL EDUCATION LEVY EQUITY.]

If a district's general education levy is determined according to section 124A.23, subdivision 3, an amount must be deducted from state aid authorized in this chapter and ~~chapter~~ chapters 124 and 124B, receivable for the same school year, and from other state payments receivable for the same school year authorized in chapter 273. The aid in section 124.646 must not be reduced.

The amount of the deduction equals the difference between:

(1) the general education tax rate, according to section 124A.23, times the district's adjusted net tax capacity used to determine the general education aid for the same school year; and

(2) the district's general education revenue, excluding supplemental revenue, for the same school year, according to section 124A.22.

However, for fiscal year 1989, the amount of the deduction shall be one-fourth 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 four-sixths 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).

Sec. 25. Minnesota Statutes 1990, section 124B.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM LEVY.] (a) The amount of general education revenue certified by an education district board under section 124B.10 may be increased in any amount that is approved by the voters of the education district at a referendum called for the purpose. The referendum may be called by the education district board or must be called by the education district board upon written petition of qualified voters of the education district. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy as a percentage of net tax capacity, the amount that will be raised by that local tax rate in the first year it is to be levied, and that the local tax rate must be used to finance school operations. The ballot shall designate a specific number of years for which the

referendum authorization applies. The ballot may contain a text with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the levy proposed by (petition to) the board of ....., Education District No. .., be approved?"

(b) If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year before the year the levy is certified is authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the education district at a later referendum.

(c) The education district board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the election to each taxpayer at the address listed on each member district's current year's assessment roll, a notice of the referendum and the proposed levy increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the education district.

(d) The notice must include the following statement: "In 1989, the legislature reduced property taxes for education by increasing the state share of funding for education. However, state aid for cities and townships was reduced by a corresponding amount. As a result, property taxes for cities and townships may increase. Passage of this referendum will result in an increase in your property taxes."

(e) A referendum on the question of revoking or reducing the increased levy amount authorized under paragraph (a) may be called by the education district board and must be called by the education district board upon the written petition of qualified voters of the education district. A levy approved by the voters of the education district under paragraph (a) must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one election may be held to revoke or reduce a levy for any specific year and for later years.

(f) A petition authorized by paragraph (a) or (e) shall be effective if signed by a number of qualified voters in excess of 15 percent of the average number of voters at the two most recent districtwide

school elections in all the member school districts. A referendum invoked by petition must be held on the day specified in paragraph (a).

(g) The approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(h) ~~Within 30~~ At least 15 days ~~after~~ before the referendum, the education district ~~holds a referendum according to this subdivision, the education district~~ shall ~~notify~~ submit a copy of the notice required under paragraph (c) to the commissioner of education ~~of~~. Within 15 days after the results of the referendum have been certified by the education district board, or in the case of a recount, after the certification of the results of the recount by the canvassing board, the education district shall notify the commissioner of education of the results of the referendum.

(i) The department shall allocate the amount certified by the education district board under paragraph (a) or subdivision 1 proportionately among the member districts based on net tax capacity. The member districts shall levy the amount allocated.

(j) Each year, a member district shall transfer referendum revenue to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:

(1) 50 percent times

(2) the amount certified in this subdivision minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.

Sec. 26. Minnesota Statutes 1990, section 124C.03, subdivision 14, is amended to read:

Subd. 14. [GRANT SCHEDULE.] The commissioner of the state planning agency ~~must~~ shall award ~~initial~~ grants ~~by April 1, 1990. Beginning in 1991, grants must be awarded~~ by ~~July~~ September 1 ~~of~~ each year. Grants may be awarded for a period not to exceed 24 months.

Sec. 27. Minnesota Statutes 1990, section 124C.03, subdivision 16, is amended to read:

Subd. 16. [~~REPORTING AND~~ EVALUATION.] The commissioner of the state planning agency shall evaluate the performance of the grantees ~~and report to the legislature by November 15 of~~ each year~~, except that a preliminary report may be submitted by February 15, 1991~~.

Sec. 28. Minnesota Statutes 1990, section 124C.49, is amended to read:

124C.49 [DESIGNATION AS CENTER.]

The commissioner of education, in cooperation with the state board of education, shall establish a process for state designation and approval of area learning centers that meet the provisions of sections 124C.45 to 124C.48.

~~The four area learning centers designated in 1988 as exemplary shall be subject to the state approval process beginning July 1, 1990.~~

~~Area learning center designation shall begin July 1, 1988.~~

Sec. 29. Minnesota Statutes 1990, section 125.12, subdivision 6b, is amended to read:

Subd. 6b. [UNREQUESTED LEAVE OF ABSENCE.] The school board may place on unrequested leave of absence, without pay or fringe benefits, as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts. The unrequested leave shall be effective at the close of the school year. In placing teachers on unrequested leave, the board shall be governed by the following provisions:

(a) The board may place probationary teachers on unrequested leave first in the inverse order of their employment. No teacher who has acquired continuing contract rights shall be placed on unrequested leave of absence while probationary teachers are retained in positions for which the teacher who has acquired continuing contract rights is licensed;

(b) Teachers who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed in the inverse order in which they were employed by the school district. In the case of equal seniority, the order in which teachers who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed shall be negotiable;

(c) Notwithstanding the provisions of clause (b), no teacher shall be entitled to exercise any seniority when that exercise results in that teacher being retained by the district in a field for which the teacher holds only a provisional license, as defined by the board of teaching, unless that exercise of seniority results in the placement on unrequested leave of absence of another teacher who also holds a provisional license in the same field. The provisions of this clause shall not apply to vocational education licenses;

(d) Notwithstanding clauses (a), (b) and (c), if the placing of a probationary teacher on unrequested leave before a teacher who has acquired continuing rights, the placing of a teacher who has acquired continuing contract rights on unrequested leave before another teacher who has acquired continuing contract rights but who has greater seniority, or the restriction imposed by the provisions of clause (c) would place the district in violation of its affirmative action program, the district may retain the probationary teacher, the teacher with less seniority, or the provisionally licensed teacher;

(e) Teachers placed on unrequested leave of absence shall be reinstated to the positions from which they have been given leaves of absence or, if not available, to other available positions in the school district in fields in which they are licensed. Reinstatement shall be in the inverse order of placement on leave of absence. No teacher shall be reinstated to a position in a field in which the teacher holds only a provisional license, other than a vocational education license, while another teacher who holds a nonprovisional license in the same field remains on unrequested leave. The order of reinstatement of teachers who have equal seniority and who are placed on unrequested leave in the same school year shall be negotiable;

(f) No appointment of a new teacher shall be made while there is available, on unrequested leave, a teacher who is properly licensed to fill such vacancy, unless the teacher fails to advise the school board within 30 days of the date of notification that a position is available to that teacher who may return to employment and assume the duties of the position to which appointed on a future date determined by the board;

(g) A teacher placed on unrequested leave of absence may engage in teaching or any other occupation during the period of this leave;

(h) The unrequested leave of absence shall not impair the continuing contract rights of a teacher or result in a loss of credit for previous years of service;

~~(i) The unrequested leave of absence of a teacher who is placed on unrequested leave of absence prior to January 1, 1978 and who is not reinstated shall continue for a period of two years after which the right to reinstatement shall terminate. The unrequested leave of absence of a teacher who is placed on unrequested leave of absence on or after January 1, 1978 and who is not reinstated shall continue for a period of five years, after which the right to reinstatement shall terminate; provided the teacher's right to reinstatement shall also terminate if the teacher fails to file with the board by April 1 of any year a written statement requesting reinstatement;~~

~~(j)~~ The same provisions applicable to terminations of probationary

or continuing contracts in subdivisions 3 and 4 shall apply to placement on unrequested leave of absence;

~~(k)~~ (j) Nothing in this subdivision shall be construed to impair the rights of teachers placed on unrequested leave of absence to receive unemployment compensation if otherwise eligible.

Sec. 30. Minnesota Statutes 1990, section 125.60, subdivision 3, is amended to read:

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

Sec. 31. Minnesota Statutes 1990, section 126.22, subdivision 4, is amended to read:

Subd. 4. [PUPIL ENROLLMENT.] Any eligible pupil ~~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 pupil ~~under subdivision 2~~ to enroll in a nonresident district that has an eligible program ~~under subdivision 3~~ or an area learning center established under section 124C.45.

Sec. 32. Minnesota Statutes 1990, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 15 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The property tax levy certified under section 275.07 by a city, county, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124A.03, subdivision 2, 124B.03, subdivision 2, or 124.82, subdivision 3, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters under section 275.58 after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; and

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body school districts, shall adopt its final property tax levy prior to adopting its final budget.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The

county auditor shall provide for the coordination of hearing dates for all taxing authorities within the county.

By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditors of the counties in which the school district is located the dates on which it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with those elected by or assigned to the counties and school districts in which the city is located.

The hearing dates so elected or assigned must be designated on the notices required under subdivision 3.

This subdivision does not apply to towns and special taxing districts.

Sec. 33. Minnesota Statutes 1990, section 275.125, subdivision 4, is amended to read:

Subd. 4. [MISCELLANEOUS LEVY AUTHORIZATIONS.] (a) A school district may levy the amounts necessary to make payments for bonds issued and for interest thereon, including the bonds and interest thereon, issued as authorized by Minnesota Statutes 1974, section 275.125, subdivision 3, clause (7)(C); the amounts necessary for repayment of debt service loans and capital loans; the amounts necessary to pay the district's obligations under section 6.62; the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08; the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; the amounts necessary to pay the district's obligations under section 122.533; and for severance pay required by ~~this section~~ sections 120.08, subdivision 3, and ~~section~~ 122.535, subdivision 6.

(b) An education district that negotiates a collective bargaining agreement for teachers under section 122.937 may certify to the department of education the amount necessary to pay all of the

member districts' obligations and the education district's obligations under section 268.06, subdivision 25.

The department of education must allocate the levy amount proportionately among the member districts based on adjusted net tax capacity. The member districts must levy the amount allocated.

(c) Each year, a member district of an education district that levies under this subdivision must transfer the amount of revenue certified under paragraph (b) to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:

(1) 50 percent times

(2) the amount certified in paragraph (b) *minus homestead* and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.

Sec. 34. Minnesota Statutes 1990, section 275.125, subdivision 11d, is amended to read:

Subd. 11d. [EXTRA CAPITAL EXPENDITURE LEVY FOR LEASING BUILDINGS.] When a district finds it economically advantageous to rent or lease a building for any instructional purposes and it determines that the capital expenditure facilities revenues authorized under section 124.243 are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use. The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed *lease to the space* needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building for approved purposes. The proceeds of this levy must not be used ~~for leasing or renting a facility owned by a district or~~ for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building to itself.

Sec. 35. Minnesota Statutes 1990, section 275.125, subdivision 18, is amended to read:

Subd. 18. [LEVY INFORMATION.] By September 15 of each year

each district shall notify the commissioner of education of the proposed levies in compliance with the levy limitations of this section and chapters 124, 124A, ~~and~~ 124B, 136C, and 136D. By January 15 of each year each district shall notify the commissioner of education of the final levies certified. The commissioner of education shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

Sec. 36. Minnesota Statutes 1990, section 275.125, subdivision 20, is amended to read:

Subd. 20. [ESTIMATES.] The computation of levy limitations pursuant to this section and ~~chapter~~ chapters 124, 124A, 124B, 136C, and 136D shall be based on estimates where necessary. If as a result of using estimates for these computations the amount of any levy is different from the amount which could actually have been levied if actual data had been available, levy limitations in the first year when the actual data is known shall be adjusted to reflect for this difference. The amount of any adjustment to levy limitations pursuant to this subdivision shall be recognized as revenue in the school year when the levy for which the levy limitation is so adjusted is recognized as revenue.

Sec. 37. Minnesota Statutes 1990, section 275.16, is amended to read:

275.16 [COUNTY AUDITOR TO FIX AMOUNT OF LEVY.]

If any such municipality shall return to the county auditor a levy greater than permitted by chapters 124, 124A, 124B, 136C, and 136D and sections 275.124 to 275.16, such county auditor shall extend only such amount of taxes as the limitations herein prescribed will permit; provided, if such levy shall include any levy for the payment of bonded indebtedness or judgments, such levies for bonded indebtedness or judgments shall be extended in full, and the remainder of the levies shall be reduced so that the total thereof, including levies for bonds and judgments, shall not exceed such amount as the limitations herein prescribed will permit.

Sec. 38. Minnesota Statutes 1990, 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)(1) 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.

(2) A club, association, or other organization of elementary or secondary school students organized for the purpose of carrying on sports, educational, or other extracurricular activities is a separate organization from the school district or school for purposes of applying the $10,000 limit. This paragraph does not apply if the sales are derived from admission charges or from activities for which the money must be deposited with the school district treasurer under section 123.38, subdivision 2, or ~~be recorded in the same manner as other revenues or expenditures of~~ if the school ~~district~~ board has taken charge and control of the extracurricular activities under section 123.38, subdivision 2b.

(b) All sales made by an organization for fundraising purposes if that organization is a 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 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. 39. Minnesota Statutes 1990, section 354.094, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT CONTRIBUTIONS.] A member granted an extended leave of absence pursuant to section 125.60 or 136.88 may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter, for each year of the leave provided the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave which shall not exceed five years. ~~The state shall not pay employer contributions into the fund for any year for which a member is on extended leave.~~ The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before the later of June 30 of each fiscal year for which service credit is received or within 30 days after first notification of the amount due, if requested by the member, is given by the association. No payment is permitted after the following September 30. Payments received after June 30 must include six percent interest from June 30 through the end of the month in which payment is received.

Sec. 40. Laws 1991, chapter 2, article 2, section 2, is amended to read:

Sec. 2. APPROPRIATION REDUCTIONS

The general fund appropriations in Laws 1989, chapter 329, as amended by Laws 1990, chapter 562, articles 6, 7, and 9, are reduced by the listed amounts. All reductions are for fiscal year 1991 only.

(a) Transportation aid for enrollment options	~~(25,400)~~
	(25,300)
(b) Summer special education aid	~~(759,800)~~
	(727,900)

(c) Secondary vocational handicapped aid	~~(1,500,400)~~
	(1,836,400)
(d) Assurance of mastery aid	~~(849,000)~~
	(659,300)
(e) Individualized learning and development aid	~~(429,000)~~
	(350,500)
(f) Adult graduation aid	~~(426,000)~~
	(527,000)
(g) *Health and developmental screening aid*	~~(1,360,800)~~
	(1,232,900)
(h) Secondary vocational cooperative aid	~~(5,300)~~
	(200)
(i) ~~Cooperation and combination aid~~	~~(2,900)~~
~~(j) PER process aid~~	~~(500)~~
~~(k)~~ Tobacco use prevention aid	~~(2,700)~~
	(2,300)
~~(l)~~ (j) Career teacher aid	(222,600)
(m) (k) Educational cooperative service unit loans	(500,000)
~~(n)~~ (l) Adult education – basic skills evaluation	(75,000)
~~(o)~~ (m) Department of education	(136,000)
None of this reduction shall be taken from the appropriations for the Faribault academies.	
~~(p)~~ (n) Minnesota center for arts education	(200,000)
~~(q)~~ (o) Task force on mathematics, science, technology, and international education	(33,000)

Sec. 41. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall recodify:

(1) section 124C.01 as a section in chapter 120;

(2) sections 124C.22 to 124C.25 as sections in chapter 120, 121, or 126;

(3) sections 124C.26 to 124C.31 as sections in chapter 120, 121, or 125;

(4) section 124C.61 as a section in chapter 126;

(5) section 275.125, subdivisions 5, 5a, 5b, 5c, 5e, 5f, 5g, and 5h, as section 124.226; and

(6) section 275.125, subdivisions 4, 6a, 6e, 6h, 6i, 8c, 8e, 9, 9a, 9b, 9c, 10, 11d, 11e, 11f, 12a, 14a, 15, 17, 18, 20, and 21, as a section in chapter 124.

The revisor shall change all cross-references to the recodified subdivisions and sections.

Sec. 42. [REPEALER.]

Subdivision 1. [GENERAL PROVISIONS.] Minnesota Statutes 1990, sections 121.933, subdivision 2; 122.23, subdivision 17; 123.932, subdivision 4; 124A.02, subdivision 19; 124C.21; 275.125, subdivisions 1, 4a, and 8d; and 354.094, subdivisions 1a and 1b, are repealed.

Subd. 2. [MECC REPEAL.] Minnesota Statutes 1990, sections 119.01; 119.02; 119.03; 119.04, subdivisions 1, 2, and 3; 119.05; 119.06; 119.07; 119.08; and 119.09, are repealed.

The repeal of the sections in this subdivision shall not be construed to mean that the commissioner of finance, on behalf of the state of Minnesota, does not have the right to seek any legal remedy to enforce the rights granted in any agreements entered into according to the sections repealed.

Sec. 43. [EFFECTIVE DATE.]

Sections 10, 11, and 40 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to education; making noncontroversial clarifications and modifications to certain school district and department of education provisions; amending Minnesota Statutes 1990, sections 120.062, subdivisions 4, 6, and 8a; 120.0752, subdivision 2; 121.612, subdivisions 2 and 5; 122.23, subdivision 18; 123.932, subdivision 3; 124.14, subdivision 1; 124.155, subdivision 2; 124.195, subdivisions 2, 3, 3a, 10, and 11; 124.2139; 124.214, subdivisions 2 and 3; 124.244, subdivision 3; 124.2725, subdivision 8; 124.83, subdivisions 1 and 5; 124A.036, subdivision 5; 124A.24; 124B.03, subdivision 2; 124C.03, subdivisions 14 and 16; 124C.49; 125.12, subdivision 6b; 125.60, subdivision 3; 126.22, subdivision 4; 275.065, subdivision 6; 275.125, subdivisions 4, 11d, 18, and 20; 275.16; 297A.256; and 354.094, subdivision 1; Laws 1991, chapter 2, article 2, section 2; repealing Minnesota Statutes 1990, sections 119.01; 119.02; 119.03; 119.04, subdivisions 1, 2, and 3; 119.05; 119.06; 119.07; 119.08; 119.09; 121.933, subdivision 2; 122.23, subdivision 17; 123.932, subdivision 4; 124A.02, subdivision 19; 124C.21; 275.125, subdivisions 1, 4a, and 8d; and 354.094, subdivisions 1a and 1b."

With the recommendation that when so amended the bill pass.

The report was adopted.

Ogren from the Committee on Taxes to which was referred:

H. F. No. 713, A bill for an act relating to the justice system; making various technical corrections and minor changes to the public defender law; providing for payment of travel fees for defense witnesses; allowing persons in custody reasonable telephone access to their attorneys without charge; providing for certain compensation increases for district public defenders and assistant public defenders; providing who is eligible to be represented by the public defender; making the eighth judicial district court financing pilot project permanent; providing a special levy for certain court costs; providing a levy limit base adjustment for certain court costs; providing for a county aid offset if certain court costs are assumed by the state; requiring the supreme court to study the costs and prepare a budget; appropriating money; amending Minnesota Statutes 1990, sections 275.50, subdivision 5; 275.51, subdivision 3f; 357.24; 477A.012, by adding subdivisions; 480.181, by adding a subdivision; 481.10; 590.05; 593.48; 611.14; 611.18; 611.25, subdivision 1; 611.26, subdivision 6, and by adding subdivisions; 643.29, subdivision 1; and Laws 1989, chapter 335, article 3, section 44, as amended; repealing Minnesota Statutes 1990, sections 611.215, subdivision 4; 611.261; 611.28; 611.29; and Laws 1989, chapter 335, article 3, section 54, as amended.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

PUBLIC DEFENDER LAW CHANGES

Section 1. Minnesota Statutes 1990, section 590.05, is amended to read:

590.05 [INDIGENT PETITIONERS.]

A person financially unable to obtain counsel who desires to pursue the remedy provided in section 590.01 ~~is entitled to be represented~~ may apply for representation by the state public defender. The state public defender shall ~~be appointed to~~ represent such person ~~pursuant to~~ under the applicable provisions of ~~Minnesota Statutes 1965,~~ sections 611.14 to 611.29, if the person has not already had a direct appeal of the conviction. The state public defender may represent, without charge, all other persons pursuing a postconviction remedy under section 590.01, who are financially unable to obtain counsel.

Sec. 2. Minnesota Statutes 1990, section 611.14, is amended to read:

611.14 [RIGHT TO REPRESENTATION BY PUBLIC DEFENDER.]

The following persons who are financially unable to obtain counsel, ~~shall be~~ are entitled to be represented by a public defender:

~~(a)~~ (1) a person charged with a felony or gross misdemeanor, including a person charged ~~pursuant to~~ under sections 629.01 to 629.29;

~~(b)~~ (2) a person appealing from a conviction of a felony or gross misdemeanor, or a person convicted of a felony or gross misdemeanor who is pursuing a postconviction proceeding, ~~after the time for appeal from the judgment has expired~~ and who has not already had a direct appeal of the conviction;

~~(c)~~ (3) a person who is entitled to be represented by counsel ~~pursuant to the provisions of~~ under section 609.14, subdivision 2;

~~(d)~~ (4) a minor who is entitled to be represented by counsel ~~pursuant to the provisions of~~ under section 260.155, subdivision 2, if the judge of the juvenile court concerned has requested and received the approval of a majority of the district court judges of the judicial district to utilize the services of the public defender in such cases, and approval of the compensation on a monthly, hourly, or per diem

basis to be paid for such services ~~pursuant to~~ under section 260.251, subdivision 2, clause (e); or

~~(e)~~ (5) a person, entitled by law to be represented by counsel, charged with an offense within the trial jurisdiction of a municipal, county, or probate court, if the trial judge or a majority of the trial judges of the court concerned have requested and received approval of a majority of the district court judges of the judicial district to utilize the services of the public defender in such cases and approval of the compensation on a monthly, hourly, or per diem basis to be paid for such services by the county or municipality within the court's jurisdiction.

Sec. 3. Minnesota Statutes 1990, section 611.18, is amended to read:

611.18 [APPOINTMENT OF PUBLIC DEFENDER.]

If it appears to a court that a person requesting the appointment of counsel satisfies the requirements of this chapter, the court shall order the appropriate public defender to represent the person at all further stages of the proceeding through appeal, if any. For ~~those persons~~ a person appealing from a conviction, or a person pursuing a post conviction proceeding~~, after the time for appeal has expired~~ and who has not already had a direct appeal of the conviction, the state public defender shall be appointed. For ~~all other persons~~ a person covered by section 611.14, clause (1), a district public defender shall be appointed to represent ~~them~~ that person. If (a) conflicting interests exist, (b) the district public defender for any other reason is unable to act, or (c) the interests of justice require, the state public defender may be ordered to represent a person. When the state public defender is directed by a court to represent a defendant or other person, the state public defender may assign the representation to any district public defender. If at any stage of the proceedings, including an appeal, the court finds that the defendant is financially unable to pay counsel whom the defendant had retained, the court may appoint the appropriate public defender to represent the defendant, as provided in this section. Prior to any court appearance, a public defender may represent a person accused of violating the law, who appears to be financially unable to obtain counsel, and shall continue to represent the person unless it is subsequently determined that the person is financially able to obtain counsel. The representation may be made available at the discretion of the public defender, upon the request of the person or someone on the person's behalf. Any law enforcement officer may notify the public defender of the arrest of any such person.

Sec. 4. Minnesota Statutes 1990, section 611.25, subdivision 1, is amended to read:

Subdivision 1. [REPRESENTATION.] The state public defender

shall represent, without charge, a defendant or other person appealing from a conviction ~~or pursuing a postconviction 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~~ of a felony or gross misdemeanor. The state public defender shall represent, without charge, a person convicted of a felony or gross misdemeanor who is pursuing a postconviction proceeding and who has not already had a direct appeal of the conviction. The state public defender may represent, without charge, all other persons pursuing a postconviction remedy under section 590.01, who are financially unable to obtain counsel. 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 the district public defender, appointed counsel, or an organization designated in section 611.216 in the performance of duties, including trial representation in matters involving legal conflicts of interest or other special circumstances, and assistance with legal research and brief preparation. When the state public defender is directed by a court to represent a defendant or other person, the state public defender may~~, with the court's approval,~~ assign the representation to any district public defender.

Sec. 5. Minnesota Statutes 1990, section 611.26, is amended by adding a subdivision to read:

Subd. 3a. (a) Notwithstanding subdivision 3 or any other law to the contrary, compensation and economic benefit increases for district public defenders and assistant district public defenders under the state board of public defense are considered compensation as defined in subdivision 3. These increases are eligible increases that may be paid from state appropriations for salary supplements for state employees.

(b) Those budgets for district public defender services under the jurisdiction of the state board of public defense shall be eligible for adjustments to their base budgets in the same manner as other state agencies. In making biennial budget base adjustments, the commissioner of finance shall consider the budgets for district public defender services, as allocated by the state board of public defense, in the same manner as other state agencies.

Sec. 6. Minnesota Statutes 1990, section 611.26, subdivision 6, is amended to read:

Subd. 6. The district public defender shall represent, without charge, a defendant charged with a felony or a gross misdemeanor

when so directed by the district court. In the second, third, fourth, sixth, and eighth districts only, the district public defender shall also represent a defendant charged with a misdemeanor when so directed by the district court and shall represent a minor in the juvenile court when so directed by the juvenile court.

Sec. 7. Minnesota Statutes 1990, section 611.26, is amended by adding a subdivision to read:

Subd. 9. Notwithstanding any other law to the contrary, district public defenders and assistant district public defenders, and their employees and their dependents, may elect to enroll in the appropriate life insurance, hospital, medical and dental benefits, and optional coverages of their respective host county, as designated by the state board of public defense under section 611.27, subdivision 2, at the time, in the manner, and under conditions of eligibility as established by the host county for its employees. The host county must provide for payroll deductions to be made in the same manner and under the same conditions as provided for an eligible county employee and the employee's dependents.

Sec. 8. Minnesota Statutes 1990, section 611.27, subdivision 4, is amended to read:

Subd. 4. [COUNTY PORTION OF COSTS.] That portion of subdivision 1 directing counties to pay the costs of public defense service shall not be in effect between July 1, ~~1990~~ 1991, and July 1, ~~1991~~ 1993. This subdivision only relates to costs associated with felony and gross misdemeanor public defense services and all public defense services in the second, third, fourth, sixth, and eighth judicial districts.

Sec. 9. Minnesota Statutes 1990, section 643.29, subdivision 1, is amended to read:

Subdivision 1. ["GOOD CONDUCT" ALLOWANCE.] Any person sentenced for a term to any county jail, workhouse, or correctional work farm, whether the term is part of an executed sentence or as a condition of probation, shall diminish the term of the sentence five days for each month, commencing on the day of arrival, during which the person has not violated any rule or discipline of the place wherein the person is incarcerated and, if required to labor, has labored with diligence and fidelity.

Sec. 10. [APPROPRIATION.]

$..... is appropriated from the general fund to the state board of public defense to be available until June 30, 1993.

Sec. 11. [REPEALER.]

Minnesota Statutes 1990, sections 611.215, subdivision 4; 611.261; 611.28; and 611.29, are repealed.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 7 and 11 are effective the day after final enactment. Section 8 is effective July 1, 1991.

ARTICLE 2

FEES AND MISCELLANEOUS CHANGES

Section 1. Minnesota Statutes 1990, section 357.24, is amended to read:

357.24 [CRIMINAL CASES.]

Witnesses for the state and for the defense in criminal cases shall receive the same fees for travel and attendance as provided in section 357.22; ~~and judges may, in their discretion, allow like fees to witnesses attending in behalf of any defendant~~. In addition these witnesses shall receive reasonable expenses actually incurred for meals, loss of wages and child care, not to exceed $40 per day. ~~In courts these witness fees shall be certified and paid in the same manner as jurors.~~ The compensation and reimbursement shall be paid out of the county treasury.

Sec. 2. Minnesota Statutes 1990, section 481.10, is amended to read:

481.10 [CONSULTATION WITH PERSONS RESTRAINED.]

All officers or persons having in their custody a person restrained of liberty upon any charge or cause alleged, except in cases where imminent danger of escape exists, shall admit any resident attorney retained by or in behalf of the person restrained, or whom the restrained person may desire to consult, to a private interview at the place of custody. Such custodians, upon request of the person restrained, as soon as practicable, and before other proceedings shall be had, shall notify any attorney residing in the county of the request for a consultation with the attorney. Reasonable telephone access to the attorney shall be provided to the person restrained at no charge to the attorney or to the person restrained. Every officer or person who shall violate any provision of this section shall be guilty of a misdemeanor and, in addition to the punishment prescribed therefor shall forfeit $100 to the person aggrieved, to be recovered in a civil action.

ARTICLE 3

COURTS

Section 1. Minnesota Statutes 1990, section 480.181, is amended by adding a subdivision to read:

Subd. 5. Whenever a group of court employees is transferred from county to state funding, the provisions of section 480.181 shall apply.

Sec. 2. Minnesota Statutes 1990, section 593.48, is amended to read:

593.48 [COMPENSATION OF JURORS AND TRAVEL REIMBURSEMENT.]

A juror shall be reimbursed for roundtrip travel between the juror's residence and the place of holding court at a rate ~~of 15 to 24 cents per mile~~ determined by the supreme court, and shall be compensated at a rate of $15 for each day of required attendance at sessions of the court. Except in the eighth judicial district where the state shall pay directly, the compensation and reimbursement shall be paid out of the county treasury upon receipt of authorization to pay from the jury commissioner. These jury costs shall be reimbursed monthly by the supreme court upon submission of an invoice by the county treasurer. A monthly report of payments to jurors shall be sent to the jury commissioner within two weeks of the end of the month in the form required by the jury commissioner.

Sec. 3. Laws 1989, chapter 335, article 3, section 44, as amended by Laws 1990, chapter 604, article 9, section 13, is amended to read:

Sec. 44. [APPLICATION.]

Sections 45 to ~~54, except the parts of section 54, that by their terms have broader application,~~ 53 apply only in the eighth judicial district ~~for the period from January 1, 1990, to December 31, 1991~~.

~~Those parts of section 54, having broader application, apply statewide for the period from July 1, 1989, to December 31, 1991.~~

Sec. 4. [STUDY.]

The supreme court shall study and report to the legislature by February 1, 1992, the costs of transferring to the state the costs of the court administration offices and guardian ad litem programs statewide and shall develop a detailed budget for those costs.

Sec. 5. [APPROPRIATION.]

$..... is appropriated from the general fund to the trial courts to be available until June 30, 1993.

Sec. 6. [REPEALER.]

Laws 1989, chapter 335, article 3, section 54, as amended by Laws 1989, First Special Session chapter 1, article 5, section 47, and Laws 1990, chapter 604, article 9, section 14, is repealed.

Sec. 7. [EFFECTIVE DATES.]

Section 1 is effective the day following final enactment. Section 6 is effective for taxes levied in 1991 payable in 1992, and thereafter."

Delete the title and insert:

"A bill for an act relating to the justice system; making various technical corrections and minor changes to the public defender law; providing for payment of travel fees for defense witnesses; allowing persons in custody reasonable telephone access to their attorneys without charge; providing for certain compensation increases for district public defenders and assistant public defenders; providing who is eligible to be represented by the public defender; financing public defender offices; making the eighth judicial district court financing pilot project permanent; requiring the supreme court to study the costs and prepare a budget; appropriating money; amending Minnesota Statutes 1990, sections 357.24; 480.181, by adding a subdivision; 481.10; 590.05; 593.48; 611.14; 611.18; 611.25, subdivision 1; 611.26, subdivision 6, and by adding subdivisions; 611.27, subdivision 4; 643.29, subdivision 1; and Laws 1989, chapter 335, article 3, section 44, as amended; repealing Minnesota Statutes 1990, sections 611.215, subdivision 4; 611.261; 611.28; 611.29; and Laws 1989, chapter 335, article 3, section 54, as amended."

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 867, A bill for an act relating to crimes; providing that it is a prima facie case for certification to adult court if a juvenile used a firearm at the time of the offense or is alleged to have committed a firearms violation after a previous firearms violation; increasing the penalty for furnishing a firearm to a minor; increasing the penalty for unlawful possession of a pistol by a minor; amending Minnesota Statutes 1990, sections 260.125, subdivision 3; 609.66,

subdivision 1a, and by adding a subdivision; and 624.713, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 260.015, subdivision 2a, is amended to read:

Subd. 2a. [CHILD IN NEED OF PROTECTION OR SERVICES.] "Child in need of protection or services" means a child who is in need of protection or services because the child:

(1) is abandoned or without parent, guardian, or custodian;

(2)(i) has been a victim of physical or sexual abuse, or (ii) resides with or has resided with a victim of domestic child abuse as defined in subdivision 24, (iii) resides with or would reside with a perpetrator of domestic child abuse, or (iv) is a victim of emotional maltreatment as defined in subdivision 5a;

(3) is without necessary food, clothing, shelter, education, or other required care for the child's physical or mental health or morals because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(4) is without the special care made necessary by a physical, mental, or emotional condition because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(5) is medically neglected, which includes, but is not limited to, the withholding of medically indicated treatment from a disabled infant with a life-threatening condition. The term "withholding of medically indicated treatment" means the failure to respond to the infant's life-threatening conditions by providing treatment, including appropriate nutrition, hydration, and medication which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all conditions, except that the term does not include the failure to provide treatment other than appropriate nutrition, hydration, or medication to an infant when, in the treating physician's or physicians' reasonable medical judgment:

(i) the infant is chronically and irreversibly comatose;

(ii) the provision of the treatment would merely prolong dying, not be effective in ameliorating or correcting all of the infant's life-

threatening conditions, or otherwise be futile in terms of the survival of the infant; or

(iii) the provision of the treatment would be virtually futile in terms of the survival of the infant and the treatment itself under the circumstances would be inhumane;

(6) is one whose parent, guardian, or other custodian for good cause desires to be relieved of the child's care and custody;

(7) has been placed for adoption or care in violation of law;

(8) is without proper parental care because of the emotional, mental, or physical disability, or state of immaturity of the child's parent, guardian, or other custodian;

(9) is one whose behavior, condition, or environment is such as to be injurious or dangerous to the child or others. An injurious or dangerous environment may include, but is not limited to, the exposure of a child to criminal activity in the child's home;

(10) has committed a delinquent act before becoming ten years old;

(11) is a runaway;

(12) is an habitual truant; or

(13) is one whose custodial parent's parental rights to another child have been involuntarily terminated within the past five years.

Sec. 2. Minnesota Statutes 1990, section 260.125, subdivision 3, is amended to read:

Subd. 3. [PRIMA FACIE CASE.] A prima facie case that the public safety is not served or that the child is not suitable for treatment shall have been established if the child was at least 16 years of age at the time of the alleged offense and:

(1) is alleged by delinquency petition to have committed an aggravated felony against the person and (a) in committing the offense, the child acted with particular cruelty or disregard for the life or safety of another; or (b) the offense involved a high degree of sophistication or planning by the juvenile; or (c) the juvenile, at the time of the offense, used, whether by brandishing, displaying, threatening with, or otherwise employing, a firearm; or

(2) is alleged by delinquency petition to have committed murder in the first degree; or

(3) is alleged by delinquency petition (a) to have committed the delinquent act of escape from confinement to a state juvenile correctional facility or a local juvenile correctional facility and (b) to have committed an offense as part of, or subsequent to, escape from custody that would be a felony listed in section 609.11, subdivision 9, if committed by an adult; or

(4) has been found by the court, pursuant to an admission in court or after trial, to have committed an offense within the preceding 24 months which would be a felony if committed by an adult, and is alleged by delinquency petition to have committed murder in the second or third degree, manslaughter in the first degree, criminal sexual conduct in the first degree or assault in the first degree; or

(5) has been found by the court, pursuant to an admission in court or after trial, to have committed two offenses, not in the same behavioral incident, within the preceding 24 months which would be felonies if committed by an adult, and is alleged by delinquency petition to have committed manslaughter in the second degree, kidnapping, criminal sexual conduct in the second degree, arson in the first degree, aggravated robbery, or assault in the second degree; or

(6) has been found by the court, pursuant to an admission in court or after trial, to have committed two offenses, not in the same behavioral incident, within the preceding 24 months, one or both of which would be the felony of burglary of a dwelling if committed by an adult, and the child is alleged by the delinquency petition to have committed another burglary of a dwelling. For purposes of this subdivision, "dwelling" means a building which is, in whole or in part, usually occupied by one or more persons living there at night; or

(7) has previously been found by the court, pursuant to an admission in court or after trial, to have committed three offenses, none in the same behavioral incident, within the preceding 24 months which would be felonies if committed by an adult, and is alleged by delinquency petition to have committed any felony other than those described in clause (2), (4), or (5); or

(8) is alleged by delinquency petition to have committed an aggravated felony against the person, other than a violation of section 609.713, in furtherance of criminal activity by an organized gang; or

(9) has previously been found by the court, pursuant to an admission in court or after trial, to have committed an offense which would be a felony if committed by an adult, and is alleged by delinquency petition to have committed a felony-level violation of chapter 152 involving the unlawful sale or possession of a schedule I or II controlled substance, while in a park zone or a school zone as

defined in section 152.01, subdivisions 12a and 14a. This clause does not apply to a juvenile alleged to have unlawfully possessed a controlled substance in a private residence located within the school zone or park zone; or

(10) is alleged by delinquency petition to have committed a violation of section 624.713, subdivision 1, clause (a), and has been previously found by the court, pursuant to an admission in court or after trial, to have committed a violation of section 624.713, subdivision 1, clause (a).

For the purposes of this subdivision, "aggravated felony against the person" means a violation of any of the following provisions: section 609.185; 609.19; 609.195; 609.20, subdivision 1 or 2; 609.221; 609.222; 609.223; 609.245; 609.25; 609.342; 609.343; 609.344, subdivision 1, clause (c) or (d); 609.345, subdivision 1, clause (c) or (d); 609.561; 609.582, subdivision 1, clause (b) or (c); or 609.713.

For the purposes of this subdivision, an "organized gang" means an association of five or more persons, with an established hierarchy, formed to encourage members of the association to perpetrate crimes or to provide support to members of the association who do commit crimes.

Sec. 3. Minnesota Statutes 1990, section 299C.065, is amended to read:

299C.065 [UNDERCOVER BUY FUND; WITNESS ASSISTANCE SERVICES.]

Subdivision 1. The commissioner of public safety shall make grants to local officials for the following purposes:

(1) the cooperative investigation of cross jurisdictional criminal activity relating to the possession and sale of controlled substances~~,~~;

(2) receiving or selling stolen goods~~,~~;

(3) participating in gambling activities in violation of section 609.76~~,~~;

(4) violations of section 609.322, 609.323, or any other state or federal law prohibiting the recruitment, transportation, or use of juveniles for purposes of prostitution; and

(5) witness assistance services in cases involving criminal gang activity in violation of section 5, or domestic assault, as defined in section 611A.0315.

Subd. 2. A county sheriff or the chief administrative officer of a municipal police department may apply to the commissioner of public safety for a grant for any of the purposes described in subdivision 1, on forms and pursuant to procedures developed by the superintendent. The application shall describe the type of intended criminal investigation, an estimate of the amount of money required, and any other information the superintendent deems necessary.

Subd. 3. A report shall be made to the commissioner at the conclusion of an investigation pursuant to this section stating: (1) the number of persons arrested, (2) the nature of charges filed against them, (3) the nature and value of controlled substances or contraband purchased or seized, (4) the amount of money paid to informants during the investigation, and (5) a separate accounting of the amount of money spent for expenses, other than "buy money", of bureau and local law enforcement personnel during the investigation. The commissioner shall prepare and submit to the legislature by January 1 of each year a report of investigations pursuant to this section.

Subd. 3a. The head of a law enforcement agency that receives a grant under this section for witness assistance services shall file a report with the commissioner at the conclusion of the case detailing the specific purposes for which the money was spent. The commissioner shall prepare and submit to the legislature by January 1 of each year a summary report of witness assistance services provided under this section.

Subd. 4. An application to the commissioner for money is a confidential record. Information within investigative files that identifies or could reasonably be used to ascertain the identity of assisted witnesses, sources, or undercover investigators is a confidential record. A report at the conclusion of an investigation is a public record, except that information in a report pertaining to the identity or location of an assisted witness is private data.

Subd. 5. [FUNDING OF WITNESS ASSISTANCE PROGRAM.] The establishment and funding of witness assistance services is contingent on the availability and receipt of federal funding for this purpose by the commissioner of public safety.

Sec. 4. Minnesota Statutes 1990, section 609.2231, is amended by adding a subdivision to read:

Subd. 5. [SCHOOL OFFICIAL.] Whoever assaults a school official while the official is engaged in the performance of the official's duties, and inflicts demonstrable bodily harm, is guilty of a gross misdemeanor. As used in this subdivision, "school official" includes teachers, school administrators, and other employees of a public or private school.

Sec. 5. [609.229] [FELONY COMMITTED FOR BENEFIT OF A GANG.]

Subdivision 1. [DEFINITION.] As used in this section, "criminal gang" means any ongoing organization, association, or group of three or more persons, whether formal or informal, that:

(1) has, as one of its primary activities, the commission of one or more of the offenses listed in section 609.11, subdivision 9;

(2) has a common name or common identifying sign or symbol; and

(3) includes members who individually or collectively engage in or have engaged in a pattern of criminal activity.

Subd. 2. [CRIMES; PENALTY.] A person who commits a felony for the benefit of, at the direction of, or in association with a criminal gang, with the intent to promote, further, or assist in criminal conduct by gang members may be sentenced to imprisonment for up to three years longer than the statutory maximum for the underlying felony.

Sec. 6. Minnesota Statutes 1990, section 609.66, is amended to read:

609.66 [DANGEROUS WEAPONS.]

Subdivision 1. [MISDEMEANOR AND GROSS MISDEMEANOR CRIMES.] (a) Whoever does any of the following is guilty of a ~~misdemeanor~~ crime and may be sentenced as provided in paragraph (b):

(1) recklessly handles or uses a gun or other dangerous weapon or explosive so as to endanger the safety of another; or

(2) intentionally points a gun of any kind, capable of injuring or killing a human being and whether loaded or unloaded, at or toward another; or

(3) manufactures or sells for any unlawful purpose any weapon known as a slungshot or sand club; or

(4) manufactures, transfers, or possesses metal knuckles or a switch blade knife opening automatically; or

(5) possesses any other dangerous article or substance for the purpose of being used unlawfully as a weapon against another; or

(6) outside of a municipality and without the parent's or guardian's consent, furnishes a child under 14 years of age, or as a parent or guardian permits the child to handle or use, outside of the parent's or guardian's presence, a firearm or airgun of any kind, or any ammunition or explosive.

(b) A person convicted under paragraph (a) may be sentenced as follows:

(1) if the act was committed in a public housing zone, as defined in subdivision 1b, a school zone, as defined in section 152.01, subdivision 14a, or a park zone, as defined in section 152.01, subdivision 12a, to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both; or

(2) otherwise, to imprisonment for not more than 90 days or to payment of a fine of not more than $700, or both.

Subd. 1a. [FELONY CRIMES.] (a) Whoever does any of the following is guilty of a felony and may be sentenced ~~to imprisonment for not more than two years or to payment of a fine of not more than $5,000, or both~~ as provided in paragraph (b):

(1) sells or has in possession any device designed to silence or muffle the discharge of a firearm; or

(2) ~~in any municipality of this state, furnishes a minor under 18 years of age with a firearm, airgun, ammunition, or explosive without the written consent of the minor's parent or guardian or of the police department of the municipality; or~~

~~(3)~~ intentionally discharges a firearm under circumstances that endanger the safety of another.

(b) A person convicted under paragraph (a) may be sentenced as follows:

(1) if the act was committed in a public housing zone, as defined in subdivision 1b, a school zone, as defined in section 152.01, subdivision 14a, or a park zone, as defined in section 152.01, subdivision 12a, to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both; or

(2) otherwise, to imprisonment for not more than two years or to payment of a fine of not more than $5,000, or both.

Subd. 1b. [PUBLIC HOUSING ZONE.] As used in this section, "public housing zone" means any residential real estate consisting of more than four rental units that is owned by a political subdivision or the federal government and leased to persons and families of

low or moderate income, as defined in section 462A.03, subdivision 10, plus the area within 300 feet of the property's boundary, or one city block, whichever is greater.

Subd. 1c. [FURNISHING TO MINORS.] Whoever, in any municipality of this state, furnishes a minor under 18 years of age with a firearm, airgun, ammunition, or explosive without the written consent of the minor's parent or guardian or of the police department of the municipality is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both.

Subd. 2. [EXCEPTIONS.] Nothing in this section prohibits the possession of the articles mentioned by museums or collectors of art or for other lawful purposes of public exhibition.

Sec. 7. Minnesota Statutes 1990, section 624.712, subdivision 5, is amended to read:

Subd. 5. "Crime of violence" includes murder in the first, second, and third degrees, manslaughter in the first and second degrees, aiding suicide, aiding attempted suicide, felony violations of assault in the first, second, third, and fourth degrees, terroristic threats, use of drugs to injure or to facilitate crime, simple robbery, aggravated robbery, kidnapping, false imprisonment, criminal sexual conduct in the first, second, third, and fourth degrees, felonious theft, arson in the first and second degrees, riot, burglary in the first, second, third, and fourth degrees, reckless use of a gun or dangerous weapon, intentionally pointing a gun at or towards a human being, setting a spring gun, and unlawfully owning, possessing, or operating a machine gun, and an attempt to commit any of these offenses, as each of those offenses is defined in chapter 609. "Crime of violence" also includes felony violations of chapter 152.

Sec. 8. Minnesota Statutes 1990, section 624.713, subdivision 2, is amended to read:

Subd. 2. A person named in subdivision 1, clause (a) or (b), who possesses a pistol is guilty of a felony. A person named in any other clause of subdivision 1 who possesses a pistol is guilty of a gross misdemeanor.

Sec. 9. [SENTENCING GUIDELINES COMMISSION STUDY.]

The sentencing guidelines commission shall study sentencing practices under Minnesota Statutes, section 152.023, subdivision 2, clause (1). In its study, the commission shall review: (1) the proportionality of the statutory penalties for and severity level ranking of this crime relative to other controlled substance crimes; (2) the characteristics of offenders sentenced for committing this

crime relative to other controlled substance offenders; (3) the sentencing practices of the courts with respect to presumptive sentences, sentencing departures, and conditions of stayed sentences for this crime; and (4) the harm to the community resulting from the commission of this crime relative to other controlled substance crimes. The commission may also include any other sentencing policy issues it deems relevant to this study. The commission shall report its findings to the judiciary committees of the house of representatives and senate by February 15, 1992, and shall recommend any changes to the statute or applicable sentencing guidelines it believes are necessary or appropriate.

Sec. 10. [EFFECTIVE DATE.]

Sections 2 and 4 to 8 are effective August 1, 1991, and apply to offenses committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crimes; defining "child in need of protection services" to include children who are exposed to criminal activity in the child's home; providing that it is a prima facie case for certification to adult court if a juvenile used a firearm at the time of the offense or is alleged to have committed a firearms violation after a previous firearms violation; authorizing the commissioner of public safety to make grants for witness assistance services in cases involving certain criminal gang activity; making it a gross misdemeanor to assault a school official; enhancing criminal penalties when a felony is committed for the benefit of a gang; making certain firearm offenses a gross misdemeanor if committed in a public housing, school, or park zone; increasing the penalty for furnishing a firearm to a minor; requiring the sentencing guidelines commission to study sentencing practices with respect to the crime of possessing three grams or more of crack cocaine; amending Minnesota Statutes 1990, sections 260.015, subdivision 2a; 260.125, subdivision 3; 299C.065; 609.2231, by adding a subdivision; 609.66; 624.712, subdivision 5; and 624.713, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609."

With the recommendation that when so amended the bill pass.

The report was adopted.

Segal from the Committee on Economic Development to which was referred:

H. F. No. 968, A bill for an act relating to economic development;

creating a commission on economic development policy; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [COMMISSION ON ECONOMIC DEVELOPMENT POLICY.]

Subdivision 1. [MEMBERSHIP.] The advisory commission on economic development policy consists of 25 members selected as follows:

(1) two members of the senate appointed by the subcommittee on committees of the committee on rules and administration and one member of the senate appointed by the minority leader of the senate, with at least one from outside the metropolitan area;

(2) two members of the house of representatives appointed by the speaker and one member of the house of representatives appointed by the minority leader of the house of representatives, with at least one from outside the metropolitan area;

(3) four representatives of state executive branch agencies appointed by the governor;

(4) one member from a state public corporation appointed by the governor;

(5) one member appointed by the president of the University of Minnesota representing the Minnesota extension service;

(6) one member appointed by the League of Minnesota Cities;

(7) one member appointed by the Association of Minnesota Counties;

(8) one member appointed by the Minnesota School Boards Association;

(9) two members appointed by the Minnesota Association of Regional Commissions;

(10) two members appointed by the League of Minnesota Cities from economic development offices in statutory or home rule charter cities within the seven-county metropolitan area including a representative of a city of the first class;

(11) two members appointed by the League of Minnesota Cities from economic development offices in statutory or home rule charter cities outside the seven-county metropolitan area, including a representative of a city with a population of 10,000 or more;

(12) two members appointed by the rural finance board;

(13) one member appointed by the Metropolitan Intercounty Association; and

(14) one member appointed by a statewide association of community development corporations.

Subd. 2. [COMPENSATION.] Members serve at the pleasure of their appointing authority.

Subd. 3. [DUTIES.] The commission shall:

(1) review the responsibilities and the relationships of the various state and local agencies involved in the delivery of services that promote economic development and redevelopment. The commission shall consider ways and means to better coordinate the delivery of economic development services;

(2) identify the ways in which the state provides support to economic development, including financing programs, technical assistance programs, promotion, training and education, and infrastructure development and maintenance;

(3) quantify the amount and types of expenditures on economic development;

(4) identify measures to evaluate the effectiveness of investments in economic development;

(5) consider recent changes in state tax law that affect economic development and redevelopment and evaluate the impact of these changes on local development;

(6) review and comment on proposals submitted to it by the governor and the legislature;

(7) review and comment on research reports, studies, and papers on the public sector role in economic development; and

(8) hold hearings and conduct informal surveys to solicit the positions of business, industry, labor, and service providers.

Subd. 4. [ADMINISTRATION AND FINANCE.] The legislative coordinating commission shall provide staff support and adminis-

trative services to the commission. Other state agencies shall supply information upon request of the commission and shall in all ways cooperate with the commission in carrying out its duties.

Subd. 5. [REPORT.] The commission shall submit a report on its findings and recommendations to the legislature by January 15, 1992, so that the legislature may consider these recommendations in setting policy. The report must include recommendations on:

(1) the current structure of economic development and redevelopment assistance at the state, local, and regional levels;

(2) the existing, necessary, and desirable role of the public sector in economic development and redevelopment;

(3) the existing, necessary, and desirable economic development and redevelopment tools for the public sector; and

(4) the existing, necessary, and desirable allocation of state and local resources for economic development and redevelopment.

Sec. 2. [REPEALER.]

Section 1 is repealed July 1, 1992.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1991."

Delete the title and insert:

"A bill for an act relating to economic development; creating a commission on economic development policy."

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1003, A bill for an act relating to courts; providing for fees for law libraries; amending Minnesota Statutes 1990, section 134A.09, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 9, after "Hennepin" insert "and Ramsey" and delete "county" and insert "counties"

Page 1, line 11, delete "Hennepin county"

Page 1, delete lines 18 to 20

With the recommendation that when so amended the bill pass.

The report was adopted.

Ogren from the Committee on Taxes to which was referred:

H. F. No. 1088, A bill for an act relating to economic development; establishing the regional seed capital program; amending Minnesota Statutes 1990, sections 290.06, by adding a subdivision; and 469.101, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116O.

Reported the same back with the following amendments:

Page 2, delete lines 19 to 36

Page 3, delete lines 1 to 15

Page 3, line 16, delete "3" and insert "2"

Page 4, delete section 4

Amend the title as follows:

Page 1, line 4, delete "sections 290.06, by adding a"

Page 1, line 5, delete "subdivision; and" and insert "section"

With the recommendation that when so amended the bill pass.

The report was adopted.

Reding from the Committee on Governmental Operations to which was referred:

H. F. No. 1114, A bill for an act relating to state government;

providing for gender balance in multimember agencies; amending Minnesota Statutes 1990, section 15.0597, by adding a subdivision.

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1142, A bill for an act relating to courts; directing the supreme court to establish an alternative dispute resolution program and adopt rules; proposing coding for new law in Minnesota Statutes, chapter 484; repealing Minnesota Statutes 1990, sections 484.73; and 484.74.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 169.121, subdivision 6, is amended to read:

Subd. 6. [PRELIMINARY SCREENING TEST.] When a peace officer has reason to believe from the manner in which a person is driving, operating, controlling, or acting upon departure from a motor vehicle, or has driven, operated, or controlled a motor vehicle, that the driver may be violating or has violated subdivision 1, the officer may require the driver to provide a sample of the driver's breath for a preliminary screening test using a device approved by the commissioner of public safety for this purpose. The results of this preliminary screening test shall be used for the purpose of deciding whether an arrest should be made and whether to require the tests authorized in section 169.123, but shall not be used in any court action except (1) to prove that a test was properly required of a person pursuant to section 169.123, subdivision 2; or (2) in a civil action arising out of the operational use of the motor vehicle. Following the screening test additional tests may be required of the driver pursuant to the provisions of section 169.123.

The driver who refuses to furnish a sample of the driver's breath is subject to the provisions of section 169.123 unless, in compliance with section 169.123, the driver submits to a blood, breath or urine test to determine the presence of alcohol or a controlled substance.

Sec. 2. Minnesota Statutes 1990, section 169.121, is amended by adding a subdivision to read:

(2) training in family law matters that must be completed by mediators before acceptance of post-dissolution property distribution matters.

Subd. 2. [CERTIFICATION.] The state court administrator shall certify programs that meet the requirements for certification set under subdivision 1.

Sec. 5. Minnesota Statutes 1990, section 494.03, is amended to read:

494.03 [EXCLUSIONS.]

The guidelines shall exclude:

(1) any dispute involving violence against persons, including incidents arising out of situations that would support charges under sections 609.342 to 609.345, or 609.365;

(2) any matter involving a person who has been adjudicated incompetent or relating to guardianship, conservatorship, or civil commitment;

(3) any matter involving neglect or dependency, or involving termination of parental rights arising under sections 260.221 to 260.245; and

(4) any matter arising under section 626.557 or sections 144.651 to 144.652, or any dispute subject to chapters 518, 518A, 518B, and 518C, whether or not an action is pending, except for post-dissolution property distribution matters and post-dissolution visitation matters. This shall not restrict the present authority of the court or departments of the court from accepting for resolution a dispute arising under chapters 518, 518A, and 518C, or from referring disputes arising under chapters 518, and 518A to for-profit mediation.

Sec. 6. Minnesota Statutes 1990, section 549.09, is amended to read:

549.09 [INTEREST ON VERDICTS, AWARDS, AND JUDGMENTS.]

Subdivision 1. [WHEN OWED; RATE.] (a) When ~~the~~ a judgment or award is for the recovery of money, including a judgment for the recovery of taxes, interest from the time of the verdict, award, or report until judgment is finally entered shall be computed by the court administrator or arbitrator as provided in clause (c) and added to the judgment or award.

(b) Except as otherwise provided by contract or allowed by law, preverdict, preaward, or prereport interest on pecuniary damages shall be computed as provided in clause (c) from the time of the commencement of the action or a demand for arbitration, or the time of a written settlement demand, whichever occurs first, except as provided herein. ~~The action must be commenced within 60 days of a written settlement demand for interest to begin to accrue from the time of the demand.~~ If either party serves a written offer of settlement, the other party may serve a written acceptance or a written counteroffer within ~~60~~ 30 days. After that time interest on the judgment or award shall be calculated by the judge or arbitrator in the following manner. The prevailing party shall receive interest on any judgment or award from the time of commencement of the action ~~was commenced~~ or a demand for arbitration, or the time of a written settlement demand ~~was made~~, or as to special damages from the time when special damages were incurred, if later, until the time of verdict, award, or report only if the amount of its offer is closer to the judgment or award than the amount of the opposing party's offer. If the amount of the losing party's offer was closer to the judgment or award than the prevailing party's offer, the prevailing party shall receive interest only on the amount of the settlement offer or the judgment or award, whichever is less, and only from the time of commencement of the action ~~was commenced~~ or a demand for arbitration, or the time of a written settlement demand ~~was made~~, or as to special damages from when the special damages were incurred, if later, until the time the settlement offer was made. Subsequent offers and counteroffers supersede the legal effect of earlier offers and counteroffers. For the purposes of clause (3), the amount of settlement offer must be allocated between past and future damages in the same proportion as determined by the trier of fact. Except as otherwise provided by contract or allowed by law, preverdict, preaward, or prereport interest shall not be awarded on the following:

(1) judgments, awards, or benefits in workers' compensation cases, but not including third-party actions;

(2) judgments, awards, decrees, or orders in dissolution, annulment, or legal separation actions;

(3) judgments or awards for future damages;

(4) punitive damages, fines, or other damages that are noncompensatory in nature;

(5) judgments or awards not in excess of the amount specified in section 487.30; and

(6) that portion of any verdict, award, or report which is founded upon interest, or costs, disbursements, attorney fees, or other similar items added by the court or arbitrator.

(c) The interest shall be computed as simple interest per annum. The rate of interest shall be based on the secondary market yield of one year United States treasury bills, calculated on a bank discount basis as provided in this section.

On or before the 20th day of December of each year the state court administrator shall determine the rate from the secondary market yield on one year United States treasury bills for the most recent calendar month, reported on a monthly basis in the latest statistical release of the board of governors of the federal reserve system. This yield, rounded to the nearest one percent, shall be the annual interest rate during the succeeding calendar year. The state court administrator shall communicate the interest rates to the court administrators and sheriffs for use in computing the interest on verdicts and shall make the interest rates available to arbitrators.

When a judgment creditor, or the judgment creditor's attorney or agent, has received a payment after entry of judgment, whether the payment is made voluntarily by or on behalf of the judgment debtor, or is collected by legal process other than execution levy where a proper return has been filed with the court administrator, the judgment creditor, or the judgment creditor's attorney, before applying to the court administrator for an execution shall file with the court administrator an affidavit of partial satisfaction. The affidavit must state the dates and amounts of payments made upon the judgment after the most recent affidavit of partial satisfaction filed, if any; the part of each payment that is applied to taxable disbursements and to accrued interest and to the unpaid principal balance of the judgment; and the accrued, but the unpaid interest owing, if any, after application of each payment.

(d) This section does not apply to arbitrations between employers and employees under chapter 179 or interest arbitrations under section 179A.16.

Subd. 2. [ACCRUAL OF INTEREST.] During each calendar year, interest shall accrue on the unpaid balance of the judgment or award from the time that it is entered or made until it is paid, at the annual rate provided in subdivision 1. The court administrator shall compute and add the accrued interest to the total amount to be collected when the execution is issued and compute the amount of daily interest accruing during the calendar year. The person authorized by statute to make the levy shall compute and add interest from the date that the writ of execution was issued to the date of service of the writ of execution and shall direct the daily interest to be computed and added from the date of service until any money is collected as a result of the levy.

Subd. 3. [DEDUCTIONS.] If an affidavit is filed pursuant to subdivision 4, a judgment creditor, or the judgment creditor's attorney or agent, is entitled to deduct from any payment made upon a

judgment, whether the payment is made voluntarily by or on behalf of the judgment debtor, or is collected by legal process, all disbursements that are made taxable by statute or by rule of court, that have been paid or incurred by the judgment creditor or the judgment creditor's attorney, after the entry of judgment. Any remaining portion of the payment must be applied to the interest that has accrued upon the unpaid principal balance of the judgment before any remaining part is applied to reduce the unpaid principal balance of the judgment.

Subd. 4. [AFFIDAVIT.] A judgment creditor, or the judgment creditor's attorney, may file an affidavit specifying the nature and amount of taxable disbursements paid or incurred by the judgment creditor, or the judgment creditor's attorney, after the entry of judgment. An execution issued by the court administrator must include increased disbursements as are included in the affidavit filed with the court administrator.

Sec. 7. Minnesota Statutes 1990, section 572.10, is amended to read:

572.10 [APPOINTMENT OF ARBITRATORS ~~BY COURT~~; DISCLOSURE REQUIRED.]

Subdivision 1. [APPOINTMENT BY THE COURT.] If the arbitration agreement provides a method of appointment of arbitrators, this method shall be followed. In the absence thereof, or if the agreed method fails or for any reason cannot be followed, or when an arbitrator appointed fails or is unable to act and a successor has not been duly appointed, the court on application of a party shall appoint one or more arbitrators. An arbitrator so appointed has all the powers of one specifically named in the agreement.

Subd. 2. [DISCLOSURE BY A NEUTRAL ARBITRATOR.] A "neutral arbitrator" is the only arbitrator in a case or is one appointed by all parties together in agreement, by the court, or by the other arbitrators. A neutral arbitrator does not include one selected by fewer than all parties even though no other party objects. Prior to selection, a person being considered for appointment as a neutral arbitrator shall disclose any relationships the person has with any of the parties, their counsel, insurers, or representatives and any conflict of interest, or potential conflict of interest, the person may have. After a neutral arbitrator has been selected, any relationship, conflict of interest, or potential conflict of interest that arises must be immediately disclosed by the arbitrator in writing to all parties, and a party may move the district court or the arbitration tribunal for removal of the neutral arbitrator. The disclosure required herein is in addition to that which may be required by applicable rules of law, ethics, or procedure. If the neutral arbitrator fails to disclose a conflict of interest or material relationship, it shall

be grounds for vacating an award for fraud as provided in section 572.19.

Sec. 8. Minnesota Statutes 1990, section 572.15, is amended to read:

572.15 [AWARD.]

(a) The award shall be in writing and signed by the arbitrators joining in the award. The award must include interest as provided in section 549.09 unless the award is issued in connection with an arbitration between an employer and employees under chapter 179 or an interest arbitration under section 179A.16. The arbitrators shall deliver a copy to each party personally or by certified mail, or as provided in the agreement.

(b) An award shall be made within the time fixed therefor by the agreement or, if not so fixed, within such time as the court orders on application of a party. The parties may extend the time in writing either before or after the expiration thereof. A party waives the objection that an award was not made within the time required unless the party notifies the arbitrators of an objection prior to the delivery of the award to the party.

Sec. 9. Minnesota Statutes 1990, section 572.16, is amended to read:

572.16 [CHANGE OF AWARD BY ARBITRATORS.]

Subdivision 1. On application of a party or, if an application to the court is pending under section 572.18, 572.19, or 572.20, on submission to the arbitrators by the court under such conditions as the court may order, the arbitrators may modify or correct the award upon the grounds stated in ~~clauses (1) and (3) of subdivision 1,~~ section 572.20, subdivision 1, clause (1) or (3), or for the purpose of clarifying the award.

Subd. 2. On application of a party, the arbitrator may modify or correct the award where the award is based on an error of law.

Subd. 3. For the purposes of either subdivision 1 or 2, the application shall be made within 20 days after delivery of the award to the applicant. Written notice thereof shall be given forthwith to the opposing party, stating that the opposing party must serve objections thereto, if any, within ten days from the notice. The award so modified or corrected is subject to the provisions of sections 572.18, 572.19 and 572.20.

Sec. 10. [REPEALER.]

(a) Minnesota Statutes 1990, sections 484.73; and 484.74, are repealed.

(b) Minnesota Statutes 1990, section 494.01, subdivisions 3 and 5, are repealed.

Sec. 11. [EFFECTIVE DATE.]

Section 10, paragraph (a), is effective when the supreme court rules adopted under section 3 become effective."

Delete the title and insert:

"A bill for an act relating to courts; regulating the use of certain tests; permitting certain punitive damages; directing the supreme court to establish an alternative dispute resolution program and adopt rules; setting conditions for alternative dispute resolution guidelines; providing for interest on arbitration awards; allowing an arbitrator or the court to modify an award based on an error of law; providing arbitration procedures; amending Minnesota Statutes 1990, sections 169.121, subdivision 6, and by adding a subdivision; 494.015; 494.03; 549.09; 572.10; 572.15; and 572.16; proposing coding for new law in Minnesota Statutes, chapter 484; repealing Minnesota Statutes 1990, sections 484.73; 484.74; and 494.01, subdivisions 3 and 5."

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1144, A bill for an act relating to local government; permitting the creation of library tax districts; proposing coding for new law in Minnesota Statutes, chapter 471.

Reported the same back with the following amendments:

Page 1, line 17, after "election" insert "conducted pursuant to section 204B.46."

Page 1, delete line 18

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1196, A bill for an act relating to crimes; providing that it is a misdemeanor to sell butane to a minor; amending Minnesota Statutes 1990, sections 145.38; 145.385; and 145.39.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [609.684] [SALE OF TOXIC SUBSTANCES TO CHILDREN; ABUSE OF TOXIC SUBSTANCES.]

Subdivision 1. [TOXIC SUBSTANCES.] For purposes of this section, "toxic substance" means:

(1) glue, cement, or aerosol paint containing toluene, benzene, xylene, amyl nitrate, butyl nitrate, nitrous oxide, or containing other aromatic hydrocarbon solvents, but does not include glue, cement, or paint contained in a packaged kit for the construction of a model automobile, airplane, or similar item;

(2) any compound containing butane; or

(3) any similar substance declared to be toxic to the central nervous system and to have a potential for abuse, by a rule adopted by the commissioner of health under chapter 14.

Subd. 2. [SALE TO MINORS.] (a) A person is guilty of a misdemeanor who sells a toxic substance to a person under the age of 18.

(b) It is an affirmative defense to a charge under this subdivision if the defendant proves by a preponderance of the evidence that the defendant reasonably and in good faith relied on proof of age as described in section 340A.503, subdivision 6.

Subd. 3. [USE FOR INTOXICATION PROHIBITED.] A person is guilty of a misdemeanor who uses or possesses any toxic substance with the intent of inducing intoxication, excitement, or stupefaction of the central nervous system, except under the direction and supervision of a medical doctor. A person is guilty of a misdemeanor who intentionally aids another in violation of this subdivision.

Subd. 4. [NOTICE REQUIRED.] A business establishment that offers for sale at retail any toxic substance must display a conspicuous sign that contains the following, or substantially similar, language:

"NOTICE

It is unlawful for a person to sell glue, cement, or aerosol paint containing intoxicating substances, or butane, to a person under 18 years of age, except as provided by law. This offense is a misdemeanor. It is also a misdemeanor for a person to use or possess glue, cement, aerosol paint, or butane with the intent of inducing intoxication, excitement, or stupefaction of the central nervous system. This use can be harmful or fatal."

Sec. 2. [REPEALER.]

Minnesota Statutes 1990, sections 145.38, 145.385, and 145.39, are repealed.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective July 1, 1991, 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 misdemeanor to sell a toxic substance containing butane to a minor; moving certain misdemeanor provisions to the criminal code; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1990, sections 145.38; 145.385; and 145.39."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1272, A bill for an act relating to human services; establishing penalty provisions relating to those convicted of wrongfully obtaining assistance; limiting the availability of general assistance to those disqualified from the aid to families with dependent children program; expanding fraud prevention investigation programs; providing for a federally mandated penalty for intentionally falsifying a public assistance application; clarifying appeal filing

times for medical assistance providers; amending Minnesota Statutes 1990, sections 256.98, by adding a subdivision; 256.983; 256B.064, subdivision 2; 256D.05, by adding a subdivision; and 609.52, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 256.

Reported the same back with the following amendments:

Page 5, delete section 6 and insert:

"Sec. 6. Minnesota Statutes 1990, section 609.52, is amended by adding a subdivision to read:

Subd. 4. [WRONGFULLY OBTAINED PUBLIC ASSISTANCE; CONSIDERATION OF DISQUALIFICATION.] When determining the sentence for a person convicted of theft by wrongfully obtaining public assistance, as defined in section 256.98, subdivision 1, the court shall consider the fact that, under section 1, the person will be disqualified from receiving public assistance as a result of the person's conviction."

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1406, A bill for an act relating to commerce; requiring an abstract holder to provide a written notice under certain circumstances; amending Minnesota Statutes 1990, section 386.375, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 386.375, subdivision 6, is amended to read:

Subd. 6. [OFFER TO TRANSFER.] Any person holding an abstract of title pertaining to real estate located in Minnesota shall, before ~~March 1, 1988~~ December 31, 1991, make a reasonable effort to contact the mortgagor or fee owner of the property and make a written offer to transfer the abstract of title to the mortgagor or fee owner. A person holding an abstract of title has made a reasonable effort to contact the mortgagor or fee owner if the person has at any

time sent an offer by United States mail, postage prepaid, to the last address of the mortgagor or fee owner shown in the person's records. A person violating this subdivision is subject to a penalty of up to $100 for each violation."

Delete the title and insert:

"A bill for an act relating to commerce; requiring an abstract holder to offer to transfer an abstract of title to the mortgagor or fee owner; amending Minnesota Statutes 1990, section 386.375, subdivision 6."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1473, A bill for an act relating to probate; authorizing the court to set aside certain transactions made prior to establishment of a guardianship or conservatorship; amending Minnesota Statutes 1990, section 525.56, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 18, after "void" insert "except as against a bona fide transferee for value"

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. 1580, A bill for an act relating to higher education; authorizing a study of alternative uses for the Waseca campus of the University of Minnesota; authorizing alternative governance for the Waseca campus; authorizing transfer of certain Waseca campus property; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [WASECA CAMPUS STUDY.]

The chancellor of the Waseca campus of the University of Minnesota shall contract with a consultant to conduct a study of potential uses of the Waseca campus. To assist with the study, the chancellor shall appoint a task force of 13 people of whom four shall represent the Waseca community, including at least one employee of the Waseca campus; three, the agricultural industry; two, the South Central Education Association; one, a farm organization; two, education; and one Waseca campus student. The chancellor shall also serve on the task force. The study shall particularly address, but not be limited to, the use as an education facility. The study must be completed and a report submitted to the legislature by January 1, 1992.

Sec. 2. [AUTHORITY OVER WASECA CAMPUS.]

Authority over the Waseca campus of the University of Minnesota may be transferred at any time from the University of Minnesota to any state or local education board or organization. The board of regents of the University of Minnesota and the education board or organization must consent to the transfer.

Sec. 3. [TRANSFER OF ASSETS.]

The board of regents of the University of Minnesota may transfer any or all real or personal property related to the Waseca campus at any time to any board or organization governing public education institutions.

Sec. 4. [LEGISLATIVE PROPOSALS.]

The board of regents of the University of Minnesota or a board or organization governing public education institutions may submit proposals to the legislature necessary to implement any of the actions authorized by sections 2 and 3.

Sec. 5. [STUDY OF DENTAL HYGIENE NEEDS.]

The chancellor of the University of Minnesota Duluth shall undertake a study of the need for and availability of dental hygienists in northeastern Minnesota. The study shall be done in conjunction with the college of dentistry on the Twin Cities campus and shall seek cooperation from other relevant post-secondary systems. The chancellor shall report his findings and his recommendations for the future needs of dental hygiene to the education committees by January 15, 1992.

Sec. 6. [APPROPRIATIONS.]

$..... is appropriated from the general fund to the higher education coordinating board for the purpose of making a grant in that amount to the chancellor of the Waseca campus of the University of Minnesota for the purposes of section 1. The appropriation is available upon the chancellor matching ten percent of the grant with other funds available to the chancellor.

Sec. 7. [EFFECTIVE DATE.]

This act is effective July 1, 1991."

Delete the title and insert:

"A bill for an act relating to higher education; authorizing a study of alternative uses for the Waseca campus of the University of Minnesota; authorizing alternative governance for the Waseca campus; authorizing transfer of certain Waseca campus property; authorizing a study of the need for dental hygienists; 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.

SECOND READING OF HOUSE BILLS

H. F. Nos. 65, 197, 582, 867, 1003, 1088, 1114, 1142, 1196, 1406 and 1473 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Simoneau, Osthoff, Rodosovich, Krueger and Skoglund introduced:

H. F. No. 1659, A bill for an act relating to court rules; limiting the supreme court's authority to order an assessment against lawyers that do not handle client funds; requiring lawyers handling client funds to file a bond; amending Minnesota Statutes 1990, section 480.05; proposing coding for new law in Minnesota Statutes, chapter 481.

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

Jennings, Sparby and Hartle introduced:

H. F. No. 1660, A bill for an act relating to the town of Scandia; authorizing the establishment of a detached banking facility under certain conditions.

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

Heir introduced:

H. F. No. 1661, A bill for an act relating to taxation; authorizing cities containing substantial areas of regional parklands to impose service charges on the implementing agency; proposing coding for new law in Minnesota Statutes, chapter 275.

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

Gruenes introduced:

H. F. No. 1662, A bill for an act proposing an amendment to the Minnesota Constitution, changing article IV, sections 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 18, 19, 20, 21, 22, 23, 24, 25, and 26; article V, sections 3 and 5; article VIII, section 1; article IX, sections 1 and 2; and article XI, section 5; providing for a unicameral legislature; providing by law for a membership of 135 members; amending Minnesota Statutes 1990, section 2.031, subdivision 1; repealing Minnesota Statutes 1990, section 2.021.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

Gruenes introduced:

H. F. No. 1663, A bill for an act relating to peace officers; providing death benefits to dependents of peace officers killed in the line of duty; expanding the application of activities considered to be in the line of duty; proposing coding for new law in Minnesota Statutes, chapter 176B.

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, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 326, A bill for an act relating to elections; providing for time off to vote in primaries; amending Minnesota Statutes 1990, section 204C.04.

PATRICK E. FLAHAVEN, Secretary of the Senate

Osthoff moved that the House refuse to concur in the Senate amendments to H. F. No. 326, 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. 331, A bill for an act relating to education; permitting education districts and districts operating under joint powers agreements to conduct meetings via interactive television; amending Minnesota Statutes 1990, sections 122.92, subdivision 1; 136C.61, subdivision 7; and 471.59, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Kinkel moved that the House concur in the Senate amendments to H. F. No. 331 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 331, A bill for an act relating to education; permitting education districts, districts operating under joint powers agreements, and joint vocational technical boards to conduct meetings via interactive television; amending Minnesota Statutes 1990, sections 122.92, subdivision 1; 136C.61, subdivision 7; and 471.59, 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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kinkel	Ogren	Seaberg
Anderson, I.	Garcia	Knickerbocker	Olsen, S.	Simoneau
Anderson, R. H.	Girard	Koppendrayer	Olson, E.	Skoglund
Battaglia	Goodno	Krinkie	Olson, K.	Smith
Bauerly	Gruenes	Krueger	Omann	Solberg
Beard	Gutknecht	Lasley	Onnen	Sparby
Begich	Hanson	Leppik	Orenstein	Stanius
Bertram	Hartle	Lieder	Orfield	Steensma
Bettermann	Hasskamp	Limmer	Osthoff	Sviggum
Bishop	Haukoos	Long	Ostrom	Swenson
Blatz	Hausman	Lourey	Ozment	Thompson
Bodahl	Heir	Lynch	Pauly	Tompkins
Boo	Henry	Macklin	Pellow	Trimble
Brown	Hufnagle	Mariani	Pelowski	Tunheim
Carlson	Hugoson	Marsh	Peterson	Uphus
Carruthers	Jacobs	McEachern	Pugh	Valento
Clark	Janezich	McGuire	Reding	Vellenga
Cooper	Jaros	McPherson	Rest	Wagenius
Dauner	Jefferson	Milbert	Rice	Waltman
Davids	Jennings	Morrison	Rodosovich	Weaver
Dawkins	Johnson, A.	Munger	Rukavina	Wejcman
Dempsey	Johnson, R.	Murphy	Runbeck	Welker
Dorn	Johnson, V.	Nelson, K.	Sarna	Welle
Erhardt	Kahn	Nelson, S.	Schafer	Wenzel
Farrell	Kalis	Newinski	Scheid	Winter
Frederick	Kelso	O'Connor	Schreiber	Spk. 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. 73, A bill for an act relating to education; eliminating the deduction for one year's interest payments from the proceeds of state bonds for maximum effort school loans; amending Minnesota Statutes 1990, sections 124.40, subdivision 1; 124.46, subdivision 3; and 124.477.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Tunheim moved that the House concur in the Senate amendments

to H. F. No. 73 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 73, A bill for an act relating to education; changing requirements for transfers within the maximum effort school loan fund; eliminating the deduction for one year's interest payments from the proceeds of state bonds for maximum effort school loans; validating construction contracts entered into by independent school district No. 484, Pierz; amending Minnesota Statutes 1990, sections 124.39, subdivisions 3 and 5; 124.40, subdivision 1; 124.46, subdivision 3; and 124.477.

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:

Abrams	Garcia	Knickerbocker	Olsen, S.	Simoneau
Anderson, I.	Girard	Koppendrayer	Olson, E.	Skoglund
Anderson, R. H.	Goodno	Krinkie	Olson, K.	Smith
Battaglia	Gruenes	Krueger	Omann	Solberg
Beard	Gutknecht	Lasley	Onnen	Sparby
Begich	Hanson	Leppik	Orenstein	Stanius
Bertram	Hartle	Lieder	Orfield	Steensma
Bettermann	Hasskamp	Limmer	Osthoff	Sviggum
Bishop	Haukoos	Long	Ostrom	Swenson
Blatz	Hausman	Lourey	Ozment	Thompson
Bodahl	Heir	Lynch	Pauly	Tompkins
Boo	Henry	Macklin	Pellow	Trimble
Brown	Hufnagle	Mariani	Pelowski	Tunheim
Carlson	Hugoson	Marsh	Peterson	Uphus
Carruthers	Jacobs	McEachern	Pugh	Valento
Clark	Janezich	McGuire	Reding	Vellenga
Cooper	Jaros	McPherson	Rest	Wagenius
Dauner	Jefferson	Milbert	Rice	Waltman
Davids	Jennings	Morrison	Rodosovich	Weaver
Dawkins	Johnson, A.	Munger	Rukavina	Wejcman
Dempsey	Johnson, R.	Murphy	Runbeck	Welker
Dorn	Johnson, V.	Nelson, K.	Sarna	Welle
Erhardt	Kahn	Nelson, S.	Schafer	Wenzel
Farrell	Kalis	Newinski	Scheid	Winter
Frederick	Kelso	O'Connor	Schreiber	Spk. Vanasek
Frerichs	Kinkel	Ogren	Seaberg	

The bill was repassed, as amended by the Senate, and its title agreed to.

CONSENT CALENDAR

H. F. No. 375, A bill for an act relating to marriage; providing for solemnization of marriages by certain court officers; amending Minnesota Statutes 1990, section 517.04.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kinkel	Ogren	Seaberg
Anderson, I.	Garcia	Knickerbocker	Olsen, S.	Simoneau
Anderson, R. H.	Girard	Koppendrayer	Olson, E.	Skoglund
Battaglia	Goodno	Krinkie	Olson, K.	Smith
Bauerly	Gruenes	Krueger	Omann	Solberg
Beard	Gutknecht	Lasley	Onnen	Sparby
Begich	Hanson	Leppik	Orenstein	Stanius
Bertram	Hartle	Lieder	Orfield	Steensma
Bettermann	Hasskamp	Limmer	Osthoff	Sviggum
Bishop	Haukoos	Long	Ostrom	Swenson
Blatz	Hausman	Lourey	Ozment	Thompson
Bodahl	Heir	Lynch	Pauly	Tompkins
Boo	Henry	Macklin	Pellow	Trimble
Brown	Hufnagle	Mariani	Pelowski	Tunheim
Carlson	Hugoson	Marsh	Peterson	Uphus
Carruthers	Jacobs	McEachern	Pugh	Valento
Clark	Janezich	McGuire	Reding	Vellenga
Cooper	Jaros	McPherson	Rest	Wagenius
Dauner	Jefferson	Milbert	Rice	Waltman
Davids	Jennings	Morrison	Rodosovich	Weaver
Dawkins	Johnson, A.	Munger	Rukavina	Wejcman
Dempsey	Johnson, R.	Murphy	Runbeck	Welker
Dorn	Johnson, V.	Nelson, K.	Sarna	Welle
Erhardt	Kahn	Nelson, S.	Schafer	Wenzel
Farrell	Kalis	Newinski	Scheid	Winter
Frederick	Kelso	O'Connor	Schreiber	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 422, A bill for an act relating to cities; providing for distribution of public notices in cities of the fourth class in the metropolitan area; amending Minnesota Statutes 1990, section 331A.03.

The bill was read for 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:

Abrams	Bettermann	Clark	Farrell	Hanson
Anderson, I.	Bishop	Cooper	Frederick	Hartle
Anderson, R. H.	Blatz	Dauner	Frerichs	Hasskamp
Battaglia	Bodahl	Davids	Garcia	Haukoos
Bauerly	Boo	Dawkins	Girard	Hausman
Beard	Brown	Dempsey	Goodno	Heir
Begich	Carlson	Dorn	Gruenes	Henry
Bertram	Carruthers	Erhardt	Gutknecht	Hufnagle

Hugoson	Leppik	Newinski	Reding	Sviggum
Jacobs	Lieder	O'Connor	Rest	Swenson
Janezich	Limmer	Ogren	Rice	Thompson
Jaros	Long	Olsen, S.	Rodosovich	Tompkins
Jefferson	Lourey	Olson, E.	Rukavina	Trimble
Jennings	Lynch	Olson, K.	Runbeck	Tunheim
Johnson, A.	Macklin	Omann	Sarna	Uphus
Johnson, R.	Mariani	Onnen	Schafer	Valento
Johnson, V.	Marsh	Orenstein	Scheid	Vellenga
Kahn	McEachern	Orfield	Schreiber	Wagenius
Kalis	McGuire	Osthoff	Seaberg	Waltman
Kelso	McPherson	Ostrom	Simoneau	Weaver
Kinkel	Milbert	Ozment	Skoglund	Wejcman
Knickerbocker	Morrison	Pauly	Smith	Welker
Koppendrayer	Munger	Pellow	Solberg	Welle
Krinkie	Murphy	Pelowski	Sparby	Wenzel
Krueger	Nelson, K.	Peterson	Stanius	Winter
Lasley	Nelson, S.	Pugh	Steensma	Spk. Vanasek

The bill was passed and its title agreed to.

SPECIAL ORDERS

Long moved that the bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Long moved that the bills on General Orders for today be continued. 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. 326:

Osthoff, Scheid and Abrams.

ADJOURNMENT

Long moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Thursday, April 25, 1991.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1991

THIRTY-NINTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 25, 1991

The House of Representatives convened at 2:30 p.m. and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by Dr. Eugene Orr, Presbyterian Church of the Way, Shoreview, Minnesota.

The roll was called and the following members were present:

Abrams	Frederick	Kelso	Olsen, S.	Simoneau
Anderson, I.	Frerichs	Kinkel	Olson, E.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R. H.	Girard	Koppendrayer	Omann	Solberg
Battaglia	Goodno	Krinkie	Onnen	Sparby
Bauerly	Greenfield	Krueger	Orenstein	Stanius
Beard	Gruenes	Leppik	Orfield	Steensma
Begich	Gutknecht	Lieder	Osthoff	Sviggum
Bertram	Hanson	Limmer	Ostrom	Swenson
Bettermann	Hartle	Long	Ozment	Thompson
Bishop	Hasskamp	Lourey	Pauly	Tompkins
Blatz	Haukoos	Lynch	Pellow	Trimble
Bodahl	Hausman	Macklin	Pelowski	Tunheim
Boo	Heir	Mariani	Peterson	Uphus
Brown	Henry	Marsh	Pugh	Valento
Carlson	Hufnagle	McEachern	Reding	Vellenga
Carruthers	Hugoson	McGuire	Rest	Wagenius
Clark	Jacobs	McPherson	Rice	Waltman
Cooper	Janezich	Milbert	Rodosovich	Weaver
Dauner	Jaros	Morrison	Rukavina	Wejcman
Davids	Jefferson	Munger	Runbeck	Welker
Dawkins	Jennings	Murphy	Sarna	Welle
Dempsey	Johnson, A.	Nelson, K.	Schafer	Wenzel
Dille	Johnson, R.	Nelson, S.	Scheid	Winter
Dorn	Johnson, V.	Newinski	Schreiber	Spk. Vanasek
Erhardt	Kahn	O'Connor	Seaberg	
Farrell	Kalis	Ogren	Segal	

A quorum was present.

Lasley was excused until 2:55 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.

PETITIONS AND COMMUNICATIONS

The following communication was received:

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

The Honorable Robert E. Vanasek
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 1991 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	*H.F. No.*	*Session Laws Chapter No.*	*Time and Date Approved 1991*	*Date Filed 1991*
734		34	4:07 p.m. April 23	April 24
34		35	4:02 p.m. April 23	April 24
254		36	4:05 p.m. April 23	April 24
391		37	4:10 p.m. April 23	April 24
713		38	9:55 a.m. April 24	April 24

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

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

H. F. No. 64, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited land that borders public water in the city of Hitterdal in Clay county.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [SALE OF TAX-FORFEITED LAND; CLAY COUNTY.]

(a) Notwithstanding Minnesota Statutes, section 282.018, subdivision 1, Clay county may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land that may be conveyed is located in the city of Hitterdal in Clay county and is described as:

Developer's Addition

City of Hitterdal

Lot 3 Block 2

(d) The lots on either side of this parcel have residential homes built on them. It would be in the best interests of the taxpayers of the city and county to have this lot sold for private residential purposes. This lot has little potential for use as conservation land. The city has expressed concern that the lot be kept mowed and the weeds controlled.

Sec. 2. [SALE OF TAX-FORFEITED LAND; COTTONWOOD COUNTY.]

(a) Notwithstanding Minnesota Statutes, section 282.018, subdivision 1, Cottonwood county may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general.

(c) The land that may be conveyed is located in the city of Windom in Cottonwood county and is described as:

(1) Perkins Bluff Subdivision

City of Windom

Lot 11, Block 1

(2) Vold Addition

City of Windom

Lots 1, 2 and 3 Block 4

(d) The lots that border these lots either have residential homes built on them or are part of a residential property. It would be in the best interests of the taxpayers of the city and county to have these lots sold for private residential purposes. These lots have little or no potential for use as conservation land. The city has expressed concern that the lots be kept mowed and the weeds controlled.

Sec. 3. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands bordering public water in Clay and Cottonwood counties."

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. 99, A bill for an act relating to transportation; designating trunk highway No. 61 and the Lake City rest area as disabled American veterans highway and rest area; amending Minnesota Statutes 1990, section 161.14, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 161.14, is amended by adding a subdivision to read:

Subd. 25. [DISABLED AMERICAN VETERANS MEMORIAL HIGHWAY.] Those portions of constitutional routes 1 and 3, known as trunk highway No. 61, are designated the "disabled American veterans memorial highway." The roadside rest area on trunk highway No. 61 at Lake City is designated the disabled American veterans memorial rest area. The commissioner of transportation

shall adopt a suitable marking design to mark this highway and rest area and shall erect the appropriate signs.

Sec. 2. Minnesota Statutes 1990, section 168.12, subdivision 2c, is amended to read:

Subd. 2c. [NATIONAL GUARD; SPECIAL LICENSE PLATE.] The registrar shall issue special license plates to any applicant who is a regularly enlisted ~~or~~, commissioned, or retired member of the Minnesota national guard, other than an inactive ~~or retired~~ member who is not a retired member, and is an owner or joint owner of a passenger automobile, 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 of this state relating to registration and licensing of motor vehicles and drivers. The adjutant general shall design these special plates subject to the approval of the registrar. No applicant shall be issued more than two sets of plates for vehicles owned or jointly owned by the applicant. The adjutant general shall estimate the number of special plates that will be required and submit the estimate to the registrar.

Special plates issued under this subdivision may only be used during the period that the owner or joint owner of the vehicle is an active or retired member of the Minnesota national guard as specified in this subdivision. When the person to whom the special plates were issued is no longer an active or retired member of the Minnesota national guard, the special plates must be removed from the vehicle and returned to the registrar. Upon return of the special plates, the owner or purchaser of the vehicle is entitled to receive regular plates for the vehicle without cost for the remainder of the registration period for which the special plates were issued. While the person is an active or retired member of the Minnesota national guard, plates issued pursuant to this subdivision may be transferred to another motor vehicle owned or jointly owned by that person upon payment of a fee of $5.

For purposes of this subdivision, "retired member" means a person placed on the roll of retired officers or roll of retired enlisted members in the office of the adjutant general under section 192.18 and who is not deceased.

All fees collected under the provisions of this subdivision shall 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. 3. Minnesota Statutes 1990, section 168.12, is amended by adding a subdivision to read:

Subd. 2d. [READY RESERVE; SPECIAL LICENSE PLATE.] The registrar shall issue special license plates to an applicant who is not eligible for special license plates under subdivision 2c, who is a member of the United States armed forces ready reserve as described in United States Code, title 10, section 268, and is an owner or joint owner of a passenger automobile, van, or pickup truck, on paying a fee of $10, paying the registration tax required by law, and complying with other laws of this state relating to registration and licensing of motor vehicles and drivers. The commissioner of veterans affairs shall design these special plates subject to the approval of the registrar. No applicant may 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.

Special plates issued under this subdivision may only be used during the period that the owner or joint owner of the vehicle is a member of the ready reserve. When the person is no longer a member, the special plates must be removed from the vehicle and returned to the registrar. On returning the special plates, the owner or purchaser of the vehicle is entitled to receive regular plates for the vehicle without cost for the rest of the registration period for which the special plates were issued. While the person is a member of the ready reserve, plates issued under this subdivision may be transferred to another motor vehicle owned or jointly owned by that person on paying a fee of $5.

The 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. 4. Minnesota Statutes 1990, section 168.123, subdivision 2, is amended to read:

Subd. 2. [DESIGN.] The commissioner of veterans affairs shall design the special plates, subject to the approval of the registrar, that satisfy the following requirements:

(a) For a Vietnam veteran who served after July 1, 1961, and before July 1, 1978, the special plates must bear the inscription "VIETNAM VET" and the letters "V" and "V" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.

(b) For a veteran stationed on the island of Oahu, Hawaii, or offshore, during the attack on Pearl Harbor on December 7, 1941, the special plates must bear the inscription "PEARL HARBOR SURVIVOR" and the letters "P" and "H" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.

(c) For a veteran who served during World War I or World War II, the special plates must bear the inscription "WORLD WAR VET" and:

(1) for a World War I veteran, the characters "W" and "I" with the first character directly above the second character and both characters just preceding the first numeral of the special license plate number; or

(2) for a World War II veteran, the characters "W" and "II" with the first character directly above the second character and both characters just preceding the first numeral of the special license plate number.

(d) For a veteran who served during the Korean Conflict, the special plates must bear the inscription "KOREAN VET" and the letters "K" and "V" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.

(e) For a combat wounded veteran who is a recipient of the purple heart medal, the special plates must bear the inscription "COMBAT WOUNDED VET" and inscribed with a facsimile of the official purple heart medal and the letters "c" over "w" with the first letter directly over the second letter just preceding the first numeral of the special license plate number.

(f) For a Persian Gulf war veteran, the special plates must bear the inscription "GULF WAR VET" and the letters "G" and "W" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number. For the purposes of this section, "Persian Gulf war veteran" means a person who served on active duty after August 1, 1990, in a branch of the armed forces of the United States or United Nations during Operation Desert Shield, Operation Desert Storm, or other military operation in the Persian Gulf area combat zone as designated in United States Presidential Executive Order No. 12744, dated January 21, 1991.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to transportation; designating trunk highway No. 61 and the Lake City rest area as disabled American veterans memorial highway and rest area; authorizing special license plates for certain military personnel; amending Minnesota Statutes 1990, sections 161.14, by adding a subdivision; 168.12, subdivision 2c, and by adding a subdivision; and 168.123, subdivision 2."

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 628, A bill for an act relating to traffic regulations; increasing the fine for violating seat belt requirements; removing citation and recording restrictions; amending Minnesota Statutes 1990, section 169.686, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 169.686, subdivision 1, is amended to read:

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

(1) the driver of a passenger vehicle;

(2) a passenger riding in the front seat of a passenger vehicle; and

(3) a passenger riding in any seat of a passenger vehicle who is older than three but younger than 11 years of age.

A person who is 15 years of age or older and who violates clause (1) or (2) is subject to a fine of ~~$10~~ $25. The driver of the passenger vehicle in which the violation occurred is subject to a ~~$10~~ $25 fine for a violation of clause (2) or (3) by a child of the driver under the age of 15 or any child under the age of 11. A peace officer may not issue a citation for a violation of this section unless the officer lawfully stopped or detained the driver of the motor vehicle for a moving

violation other than a violation involving motor vehicle equipment. The department of public safety shall not record a violation of this subdivision on a person's driving record.

Sec. 2. Minnesota Statutes 1990, section 169.686, subdivision 3, is amended to read:

Subd. 3. [APPROPRIATION; SPECIAL ACCOUNT.] 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. Ninety percent of the 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. Ten percent of the money in the account shall be distributed to the commissioner of public safety for the expenses of traffic safety educational programs conducted by state patrol troopers.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective for violations that occur on or after August 1, 1991."

Delete the title and insert:

"A bill for an act relating to traffic regulations; increasing the fine for violating seat belt requirements; reallocating fine receipts; amending Minnesota Statutes 1990, section 169.686, subdivisions 1 and 3."

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

The report was adopted.

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

H. F. No. 654, A bill for an act relating to human services; child care; requiring initial and ongoing training in cultural diversity for all licensed child care providers; amending Minnesota Statutes 1990, section 245A.14, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 245A.14, is amended by adding a subdivision to read:

Subd. 7. [CULTURAL DYNAMICS TRAINING FOR CHILD CARE PROVIDERS.] (a) The ongoing training required of licensed child care centers and group and family child care providers shall include training in the cultural dynamics of childhood development and child care as an option.

(b) The cultural dynamics training must include, but not be limited to, the following: awareness of the value and dignity of different cultures and how different cultures complement each other; awareness of the emotional, physical, and mental needs of children and families of different cultures; knowledge of current and traditional roles of women and men in different cultures, communities, and family environments; and awareness of the diversity of child rearing practices and parenting traditions.

(c) The commissioner shall amend current rules relating to the initial training of the licensed providers included in paragraph (a) to require cultural dynamics training upon determining that sufficient curriculum is developed statewide.

Sec. 2. [EFFECTIVE DATE.]

Section 1, paragraph (a), is effective August 1, 1992."

Delete the title and insert:

"A bill for an act relating to human services; requiring training of child care providers to include training in cultural sensitivity; amending Minnesota Statutes 1990, section 245A.14, by adding a subdivision."

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 655, A bill for an act relating to traffic regulations;

establishing maximum height for rear bumpers of certain semitrailers; allowing certain equipment to be excluded from computing the maximum allowable length of a semitrailer or trailer used in a three-vehicle combination; providing an exception to the length limitation on certain vehicle combinations; limiting maximum weight allowed on certain vehicle tires; conforming state highway weight limitations to federal requirements; imposing a cost-per-mile fee on certain overweight vehicles; amending Minnesota Statutes 1990, sections 169.73, subdivision 4a; 169.81, subdivisions 2 and 3; 169.825, subdivisions 8 and 10; and 169.86, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 169.73, subdivision 4a, is amended to read:

Subd. 4a. [REAR-END PROTECTION FOR OTHER VEHICLES.] (a) Vehicles other than private passenger vehicles, collector vehicles, collector military vehicles, and other vehicles specifically exempted by law from such requirements must meet the rear-end protection requirements of federal motor carrier regulations, Code of Federal Regulations, title 49, section 393.86.

(b) Notwithstanding contrary regulations cited in paragraph (a), a truck-tractor and semitrailer combination with a semitrailer length longer than 50 feet whose frame or body extends more than 36 inches beyond the rear of its rearmost axle must not be operated on the highways of this state unless equipped with a bumper or underride guard on the extreme rear of the frame or body. The bumper or underride guard must:

(1) provide a continuous horizontal beam having a maximum ground clearance of 22 inches, as measured with the vehicle empty and on level ground; and

(2) extend to within four inches of the lateral extremities of the semitrailer on both left and right sides.

Sec. 2. Minnesota Statutes 1990, section 169.81, subdivision 2, is amended to read:

Subd. 2. [LENGTH OF VEHICLES.] (a) No single unit motor vehicle, except mobile cranes which may not exceed 48 feet, unladen or with load may exceed a length of 40 feet extreme overall dimensions inclusive of front and rear bumpers, except that the governing body of a city is authorized by permit to provide for the maximum length of a motor vehicle, or combination of motor vehicles, or the number of vehicles that may be fastened together,

and which may be operated upon the streets or highways of a city; provided, that the permit may not prescribe a length less than that permitted by state law. A motor vehicle operated in compliance with the permit on the streets or highways of the city is not in violation of this chapter.

(b) No single semitrailer may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air compressors, necessary for safe and efficient operation mounted or located on the end of the semitrailer adjacent to the truck or truck-tractor, in excess of 48 feet, except that a single semitrailer may have an overall length in excess of 48 feet but not greater than 53 feet if the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 41 feet. No single trailer may have an overall length inclusive of tow bar assembly and exclusive of rear protective bumpers which do not increase the overall length by more than six inches, in excess of 45 feet. For determining compliance with the provisions of this subdivision, the length of the semitrailer or trailer must be determined separately from the overall length of the combination of vehicles.

(c) No semitrailer or trailer used in a three-vehicle combination may have an overall length in excess of 28-1/2 feet, exclusive of:

(1) non-cargo-carrying accessory equipment, including refrigeration units or air compressors and upper coupler plates, necessary for safe and efficient operation, mounted or located on the end of the semitrailer or trailer adjacent to the truck or truck-tractor, ~~and further exclusive of~~;

(2) the tow bar assembly, ~~in excess of 28-1/2 feet~~; and

(3) lower coupler equipment that is a fixed part of the rear end of the first trailer.

The commissioner may not grant a permit authorizing the movement, in a three-vehicle combination, of a semitrailer or trailer that exceeds 28-1/2 feet, except that the commissioner may renew a permit that was granted before April 16, 1984, for the movement of a semitrailer or trailer that exceeds the length limitation in this paragraph.

Sec. 3. Minnesota Statutes 1990, section 169.81, subdivision 3, is amended to read:

Subd. 3. [LENGTH OF VEHICLE COMBINATIONS.] (a) Statewide, except as provided in paragraph (b), no combination of vehicles coupled together, including truck-tractor and semitrailer, may consist of more than two units and no combination of vehicles, unladen or with load, may exceed a total length of 65 feet. The length

limitation does not apply to the transportation of telegraph poles, telephone poles, electric light and power poles, piling, or pole length pulpwood, and is subject to the following further exceptions: the length limitations do not apply to vehicles transporting pipe or other objects by a public utility when required for emergency or repair of public service facilities or when operated under special permits as provided in this subdivision, but with respect to night transportation, a vehicle and the load must be equipped with a sufficient number of clearance lamps and marker lamps on both sides and upon the extreme ends of a projecting load to clearly mark the dimensions of the load. Mount combinations may be drawn but the combinations may not exceed 65 feet in length. The limitation on the number of units does not apply to vehicles used for transporting milk from point of production to point of first processing, in which case no combination of vehicles coupled together unladen or with load, including truck-tractor and semitrailers, may consist of more than three units and no combination of those vehicles may exceed a total length of 65 feet. Notwithstanding other provisions of this section, and except as provided in paragraph (b), no combination of vehicles consisting of a truck-tractor and semitrailer designed and used exclusively for the transportation of motor vehicles or boats may exceed 65 feet in length. The load may extend a total of seven feet, but may not extend more than three feet beyond the front or four feet beyond the rear, and in no case may the overall length of the combination of vehicles, unladen or with load, exceed 65 feet. For the purpose of registration, trailers coupled with a truck-tractor, semitrailer combination are semitrailers. The state as to state trunk highways, and a city or town as to roads or streets located within the city or town, may issue permits authorizing the transportation of combinations of vehicles exceeding the limitations in this subdivision over highways, roads, or streets within their boundaries. Combinations of vehicles authorized by this subdivision may be restricted as to the use of highways by the commissioner as to state trunk highways, and a road authority as to highways or streets subject to its jurisdiction. Nothing in this subdivision alters or changes the authority vested in local authorities under the provisions of section 169.04.

(b) The following combination of vehicles regularly engaged in the transportation of commodities may operate only on divided highways having four or more lanes of travel, and on other highways as may be designated by the commissioner of transportation subject to section 169.87, subdivision 1, and subject to the approval of the authority having jurisdiction over the highway, for the purpose of providing reasonable access between the divided highways of four or more lanes of travel and terminals, facilities for food, fuel, repair, and rest, and points of loading and unloading for household goods carriers, livestock carriers, or for the purpose of providing continuity of route:

(1) a truck-tractor and semitrailer exceeding 65 feet in length;

(2) a combination of vehicles with an overall length exceeding 55 feet and including a truck-tractor and semitrailer drawing one additional semitrailer which may be equipped with an auxiliary dolly;

(3) a combination of vehicles with an overall length exceeding 55 feet and including a truck-tractor and semitrailer drawing one full trailer; ~~and~~

(4) a truck-tractor and semitrailer designed and used exclusively for the transportation of motor vehicles or boats and exceeding an overall length of 65 feet including the load except as restricted by applicable federal law.; and

(5) a truck or truck-tractor transporting similar vehicles by having the front axle of the transported vehicle mounted onto the center or rear part of the preceding vehicle, defined in Code of Federal Regulations, title 49, sections 390.5 and 393.5 as drive-away saddlemount combinations or drive-away saddlemount vehicle transporter combinations, when the overall length exceeds 65 feet.

Vehicles operated under the provisions of this section must conform to the standards for those vehicles prescribed by the United States Department of Transportation, Federal Highway Administration, Bureau of Motor Carrier Safety, as amended.

Sec. 4. Minnesota Statutes 1990, section 169.825, subdivision 8, is amended to read:

Subd. 8. [PNEUMATIC-TIRED VEHICLES.] No vehicle or combination of vehicles equipped with pneumatic tires shall be operated upon the highways of this state:

(a) where the gross weight on any wheel exceeds 9,000 pounds, except that on designated local routes and state trunk highways the gross weight on any single wheel shall not exceed 10,000 pounds;

(b) where the gross weight on any single axle exceeds 18,000 pounds, except that on designated local routes and state trunk highways the gross weight on any single axle shall not exceed 20,000 pounds;

(c) where the maximum wheel load:

(1) on the foremost and rearmost steering axles, exceeds 600 pounds per inch of tire width or the manufacturer's recommended load, whichever is less; or

(2) on other axles on new vehicles manufactured after August 1,

1991, and after August 1, 1996, on other axles on all vehicles, exceeds 500 pounds per inch of tire width or the manufacturer's recommended load, whichever is less;

(d) where the gross weight on any axle of a tridem exceeds 15,000 pounds, except that for vehicles to which an additional axle has been added prior to June 1, 1981, the maximum gross weight on any axle of a tridem may be up to 16,000 pounds provided the gross weight of the tridem combination does not exceed ~~37,000 pounds where the first and third axles of the tridem are spaced seven feet apart; 38,500 pounds where the first and third axles of the tridem are spaced eight feet apart; and~~ 39,900 pounds where the first and third axles of the tridem are spaced nine feet apart~~.~~; or

(e) where the gross weight on any group of axles exceeds the weights permitted under this section with any or all of the interior axles disregarded and their gross weights subtracted from the gross weight of all axles of the group under consideration.

Sec. 5. Minnesota Statutes 1990, section 169.825, subdivision 10, is amended to read:

Subd. 10. [GROSS WEIGHT SCHEDULE.] (a) No vehicle or combination of vehicles equipped with pneumatic tires shall be operated upon the highways of this state where the total gross weight on any group of two or more consecutive axles of any vehicle or combination of vehicles exceeds that given in the following table for the distance between the centers of the first and last axles of any group of two or more consecutive axles under consideration; unless otherwise noted, the distance between axles being measured longitudinally to the nearest even foot, and when the measurement is a fraction of exactly one-half foot the next largest whole number in feet shall be used, except that when the distance between axles is more than three feet four inches and less than three feet six inches the distance of four feet shall be used:

	Maximum gross weight in pounds on a group of		
	2	3	4
Distances in feet between centers of foremost and rearmost axles of a group	consecutive axles of a 2-axle vehicle or of any vehicle or combination of vehicles having a total of 2 or more axles	consecutive axles of a 3-axle vehicle or of any vehicle or combination of vehicles having a total of 3 or more axles	consecutive axles of a 4-axle vehicle or any combination of vehicles having a total of 4 or more axles

4	34,000		
5	34,000		
6	34,000		
7	34,000	~~41,500~~ 39,000	
8	34,000	~~42,000~~ 39,000	
8 plus	34,000	42,000	
9	35,000 (39,000)	43,000	
10	36,000 (40,000)	43,500	49,000
11	36,000	44,500	49,500
12		45,000	50,000
13		46,000	51,000
14		46,500	51,500
15		47,500	52,000
16		48,000	53,000
17		49,000	53,500
18		49,500	54,000
19		50,500	55,000
20		51,000	55,500
21		52,000	56,000
22		52,500	57,000
23		53,500	57,500
24		54,000	58,000
25		(55,000)	59,000
26		(55,500)	59,500
27		(56,500)	60,000
28		(57,000)	61,000
29		(58,000)	61,500
30		(58,500)	62,000
31		(59,500)	63,000
32		(60,000)	63,500
33			64,000
34			65,000
35			65,500
36			66,000
37			67,000
38			67,500

39	68,000
40	69,000
41	69,500
42	70,000
43	71,000
44	71,500
45	72,000
46	72,500
47	(73,500)
48	(74,000)
49	(74,500)
50	(75,500)
51	(76,000)

The maximum gross weight on a group of three consecutive axles where the distance between centers of foremost and rearmost axles is listed as seven feet or eight feet applies only to vehicles manufactured before August 1, 1991.

"8 plus" refers to any distance greater than eight feet but less than nine feet.

	Maximum gross weight in pounds on a group of		
	5	6	7
Distances in feet between centers of foremost and rearmost axles of a group	consecutive axles of a 5-axle vehicle or any combination of vehicles having a total of 5 or more axles	consecutive axles of a combination of vehicles having a total of 6 or more axles	consecutive axles of a combination of vehicles having a total of 7 or more axles
14	57,000		
15	57,500		
16	58,000		
17	59,000		
18	59,500		
19	60,000		
20	60,500	66,000	72,000
21	61,500	67,000	72,500
22	62,000	67,500	73,000

23	62,500	68,000	73,500
24	63,000	68,500	74,000
25	64,000	69,000	75,000
26	64,500	70,000	75,500
27	65,000	70,500	76,000
28	65,500	71,000	76,500
29	66,500	71,500	77,000
30	67,000	72,000	77,500
31	67,500	73,000	78,500
32	68,000	73,500	79,000
33	69,000	74,000	79,500
34	69,500	74,500	80,000
35	70,000	75,000	
36	70,500	76,000	
37	71,500	76,500	
38	72,000	77,000	
39	72,500	77,500	
40	73,000	78,000	
41	(74,000)	79,000	
42	(74,500)	79,500	
43	(75,000)	80,000	
44	(75,500)		
45	(76,500)		
46	(77,000)		
47	(77,500)		
48	(78,000)		
49	(79,000)		
50	(79,500)		
51	(80,000)		

The gross weights shown in parentheses in this clause are permitted only on state trunk highways and routes designated under section 169.832, subdivision 11.

(b) Notwithstanding any lesser weight in pounds shown in this table but subject to the restrictions on gross vehicle weights in clause (c), two consecutive sets of tandem axles may carry a gross load of 34,000 pounds each and a combined gross load of 68,000 pounds provided the overall distance between the first and last axles of the consecutive sets of tandem axles is 36 feet or more.

(c) Notwithstanding the provisions of section 169.85, the gross vehicle weight of all axles of a vehicle or combination of vehicles shall not exceed:

(1) 80,000 pounds for any vehicle or combination of vehicles on all state trunk highways as defined in section 160.02, subdivision 2, and for all routes designated under section 169.832, subdivision 11; and

(2) 73,280 pounds for any vehicle or combination of vehicles with five axles or less on all routes, other than state trunk highways and routes that are designated under section 169.832, subdivision 11; and

(3) 80,000 pounds for any vehicle or combination of vehicles with six or more axles on all routes, other than state trunk highways and routes that are designated under section 169.832, subdivision 11.

(d) ~~The maximum weights specified in this subdivision for five consecutive axles shall not apply to a combination of vehicles that includes a three axle semitrailer first registered before August 1, 1981. All other weight limitations in this section are applicable.~~

~~(e)~~ The maximum weights specified in this subdivision for five consecutive axles shall not apply to a four axle ready mix concrete truck which was equipped with a fifth axle prior to June 1, 1981. The maximum gross weight on four or fewer consecutive axles of vehicles excepted by this clause shall not exceed any maximum weight specified for four or fewer consecutive axles in this subdivision.

Sec. 6. Minnesota Statutes 1990, section 169.86, subdivision 5, is amended to read:

Subd. 5. [FEES.] The commissioner, with respect to highways under the commissioner's jurisdiction, may charge a fee for each permit issued. All such fees for permits issued by the commissioner of transportation shall be deposited in the state treasury and credited to the trunk highway fund. Except for those annual permits for which the permit fees are specified elsewhere in this chapter, the fees shall be:

(a) $15 for each single trip permit.

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

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

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

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

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

(4) motor vehicles operating with gross weights authorized under section 169.825, subdivision 11, paragraph (a), clause (3); and

(5) special pulpwood vehicles described in section 169.863.

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

(1) mobile cranes;

(2) construction equipment, machinery, and supplies;

(3) manufactured homes;

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

(5) double-deck buses;

(6) commercial boat hauling.

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

Overweight Axle Group Cost Factors

	Cost Per Mile For Each Group Of:		
Weight (pounds) exceeding weight limitations on axles	Two consecutive axles spaced within 8 feet or less	Three consecutive axles spaced within 9 feet or less	Four consecutive axles spaced within 14 feet or less
0-2,000	.100	.040	.036
2,001-4,000	.124	.050	.044

4,001-6,000	.150	.062	.050
6,001-8,000	Not permitted	.078	.056
8,001-10,000	Not permitted	.094	.070
10,001-12,000	Not permitted	.116	.078
12,001-14,000	Not permitted	.140	.094
14,001-16,000	Not permitted	.168	.106
16,001-18,000	Not permitted	.200	.128
18,001-20,000	Not permitted	Not permitted	.140
20,001-22,000	Not permitted	Not permitted	.168

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

For a vehicle found to exceed the appropriate maximum permitted weight, a cost-per-mile fee of 22 cents per ton, or fraction of a ton, over the permitted maximum weight is imposed in addition to the normal permit fee. Miles must be calculated based on the distance already traveled in the state plus the distance from the point of detection to a transportation loading site or unloading site within the state or to the point of exit from the state.

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

Gross Weight (pounds) of vehicle	Annual Permit Fee
90,000 or less	$200
90,001–100,000	$300
100,001–110,000	$400
110,001–120,000	$500
120,001–130,000	$600
130,001–140,000	$700
140,001–145,000	$800

If the gross weight of the vehicle is more than 145,000 pounds the permit fee is determined under paragraph (e).

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

Sec. 7. Minnesota Statutes 1990, section 221.025, is amended to read:

221.025 [EXEMPTIONS.]

Except as provided in sections 221.031 and 221.033, the provisions of this chapter do not apply to the intrastate transportation described below:

(a) the transportation of students to or from school or school activities in a school bus inspected and certified under section 169.451;

(b) the transportation of rubbish as defined in section 443.27;

(c) a commuter van as defined in section 221.011, subdivision 27;

(d) authorized emergency vehicles as defined in section 169.01, subdivision 5, including ambulances, and tow trucks when picking up and transporting disabled or wrecked motor vehicles and when carrying proper and legal warning devices;

(e) the transportation of grain samples under conditions prescribed by the board;

(f) the delivery of agricultural lime;

(g) the transportation of dirt and sod within an area having a 50-mile radius from the home post office of the person performing the transportation;

(h) a person while exclusively engaged in the transportation of sand, gravel, bituminous asphalt mix, concrete ready mix, concrete blocks or tile and the mortar mix to be used with the concrete blocks or tile, or crushed rock to or from the point of loading or a place of gathering within an area having a 50-mile radius from that person's home post office or a 50-mile radius from the site of construction or maintenance of public roads and streets;

(i) the transportation of pulpwood, cordwood, mining timber, poles, posts, decorator evergreens, wood chips, sawdust, shavings, and bark from the place where the products are produced to the point where they are to be used or shipped;

(j) a person while engaged exclusively in transporting fresh vegetables from farms to canneries or viner stations, from viner stations to canneries, or from canneries to canneries during the harvesting, canning, or packing season, or transporting potatoes, sugar beets, wild rice, or rutabagas from the field of production to the first place of delivery or unloading, including a processing plant, warehouse, or railroad siding;

(k) a person engaged in transporting property or freight, other than household goods and petroleum products in bulk, entirely

within the corporate limits of a city or between contiguous cities except as provided in section 221.296;

(l) the transportation of unprocessed dairy products in bulk within an area having a 100-mile radius from the home post office of the person providing the transportation;

(m) a person engaged in transporting agricultural, horticultural, dairy, livestock, or other farm products within an area having a 25-mile radius from the person's home post office and the carrier may transport other commodities within the 25-mile radius if the destination of each haul is a farm;

(n) a person providing limousine service that is not regular route service in a passenger automobile that is not a van, and that has a seating capacity, excluding the driver, of not more than 12 persons;

(o) passenger transportation service that is not charter service and that is under contract to and with operating assistance from the department or the regional transit board.

Sec. 8. Minnesota Statutes 1990, section 221.033, is amended by adding a subdivision to read:

Subd. 4. [VARIANCE.] The commissioner may adopt rules to provide a procedure to grant variances from regulations adopted under subdivision 1, and contained in Code of Federal Regulations, title 49, part 180. The variances must apply only to cargo tanks with a capacity of 3,000 gallons or less that transport gasoline in intrastate commerce in Minnesota and were first used in transportation before August 1, 1991. The commissioner shall establish inspection, testing, and registration requirements to ensure the safety of cargo tanks operated under a variance granted under this subdivision.

Sec. 9. [221.124] [INITIAL MOTOR CARRIER CONTACT PROGRAM.]

Subdivision 1. [INITIAL MOTOR CARRIER CONTACT.] The initial motor carrier contact program consists of an initial contact, for educational purposes, between a motor carrier required to participate and representatives of the department of transportation. The initial contact may be through an educational seminar or at the discretion of the department through a personal meeting with a representative of the department. The initial contact must consist of a discussion of the statutes, rules, and regulations that apply to motor carriers. Topics discussed must include: carrier authority; the leasing of drivers and vehicles; insurance requirements; tariffs; annual reports; accident reporting; identification of vehicles; driver qualifications; maximum hours of service of drivers; the safe oper-

ation of vehicles; equipment, parts, and accessories; and inspection, repair, and maintenance. The department shall provide written documentation of proof of compliance with the requirements of subdivision 2 and shall give a copy of the document to the motor carrier.

Subd. 2. [PARTICIPATION REQUIRED.] A motor carrier that receives a certificate or permit from the board for new authority on or after September 1, 1991, shall participate in the initial motor carrier contact program. A motor carrier required to participate in the program must have in attendance at least one motor carrier official having a substantial interest or control, directly or indirectly, in or over the operations conducted or to be conducted under the certificate or permit.

Subd. 3. [TIME FOR COMPLIANCE.] A motor carrier required by subdivision 2 to participate in the program must do so within 90 days of the service date of the order granting the certificate or permit. Failure to comply with the requirement of subdivision 2 makes the order granting the certificate or permit void upon expiration of the time for compliance.

Sec. 10. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1992. Sections 2 to 9 are effective August 1, 1991."

Delete the title and insert:

"A bill for an act relating to traffic regulations; establishing maximum height for rear bumpers of certain semitrailers; allowing certain equipment to be excluded from computing the maximum allowable length of a semitrailer or trailer used in a three-vehicle combination; providing an exception to the length limitation on certain vehicle combinations; limiting maximum weight allowed on certain vehicle tires; conforming state highway weight limitations to federal requirements; imposing a cost-per-mile fee on certain overweight vehicles; adding an exemption to the motor carrier act; authorizing a variance for small cargo tanks; establishing the initial motor carrier contact program; amending Minnesota Statutes 1990, sections 169.73, subdivision 4a; 169.81, subdivisions 2 and 3; 169.825, subdivisions 8 and 10; 169.86, subdivision 5; 221.025; and 221.033, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 221."

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

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 723, A bill for an act relating to transportation; establishing state transportation goals and requiring periodic revisions of the state transportation plan; providing for enforcement of law requiring stops at railroad grade crossings; providing for enhanced public information and education regarding grade crossing safety; directing a study of rail-highway grade crossings and requiring a report; authorizing the commissioner of transportation to make grants for the improvement of commercial navigation facilities; authorizing local units of government to advance funds for the completion of trunk highway projects; providing for rustic roads and natural preservation routes; authorizing road authorities to enter into agreements for the construction, maintenance, and operation of toll roads and bridges; creating a transportation services fund and providing for its uses; specifying percentage of unrefunded motor fuel tax revenue that is attributable to use on forest roads; authorizing the commissioner of transportation to plan, acquire, construct and equip light rail transit facilities, and restricting authority of regional rail authorities; directing a study of highway corridors; extending and reconstituting the transportation study board and directing it to conduct certain studies; providing procedures related to assistance for transit systems; providing an opt-out transit service program; appropriating money; amending Minnesota Statutes 1990, sections 162.02, subdivision 3a; 162.09, subdivision 3a; 168.54, subdivisions 5 and 6; 169.09, subdivision 13; 169.26; 171.13, subdivision 1, and by adding a subdivision; 169.862; 171.13, subdivision 1, and by adding a subdivision; 170.23; 171.185; 171.26; 171.36; 173.13, subdivision 4; 173.231; 174.01; 174.03, subdivision 2, and by adding a subdivision; 219.074, by adding a subdivision; 219.402; 221.036, subdivision 14; 222.50, subdivision 7; 296.16, subdivision 1a; 296.421, subdivision 8; 299D.03, subdivision 5; 398A.04, subdivision 8; 473.375, subdivisions 13 and 15; 473.377, subdivision 1; 473.388; 473.399, by adding a subdivision; 473.3993, subdivisions 2, 3, and by adding a subdivision; 473.3994; 473.3996; proposing coding for new law in Minnesota Statutes, chapters 3; 160; 161; 162; 174; 219; 221; and 473; proposing coding for new law as Minnesota Statutes, chapter 457A; repealing Minnesota Statutes 1990, section 473.3994, subdivision 6; Laws 1988, chapter 603, section 6; and Laws 1989, chapter 339, section 21.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

TRANSPORTATION PLANNING

Section 1. Minnesota Statutes 1990, section 174.01, is amended to read:

174.01 [CREATION; POLICY.]

Subdivision 1. [DEPARTMENT CREATED.] In order to provide a balanced transportation system, which system includes aeronautics, highways, motor carriers, ports, public transit, railroads and pipelines, a department of transportation is created. The department shall be the principal agency of the state for development, implementation, administration, consolidation, and coordination of state transportation policies, plans and programs.

Subd. 2. [TRANSPORTATION GOALS.] The legislature establishes the following goals of the state transportation system:

(1) to provide safe transportation for all users throughout the state;

(2) to provide multimodal transportation that enhances mobility and economic development and that provides access to all persons and businesses in Minnesota while ensuring that there is no undue burden placed on any community;

(3) to provide a reasonable travel time for commuters to and from work or school;

(4) to provide for the economical, efficient, and safe movement of goods to and from markets by rail, highway, and waterway;

(5) to encourage tourism by providing appropriate transportation to Minnesota facilities designed to attract tourist;

(6) to provide transit services throughout the state to meet the mobility needs of transit users;

(7) to manage the transportation system to ensure the highest levels of productivity;

(8) to provide safe and efficient air transportation in Minnesota;

(9) to maximize the benefits received for each state transportation investment;

(10) to provide funding for transportation that, at a minimum, ensures no further deterioration of the transportation infrastructure;

(11) to ensure that the planning and implementation of all modes of transportation are consistent with the environmental and energy goals of the state; and

(12) to increase high occupancy vehicle use; and

(13) to increase transit use in urban areas by giving highest priority to the transportation modes with the greatest people-moving capacity, to the extent practicable.

Sec. 2. Minnesota Statutes 1990, section 174.03, is amended by adding a subdivision to read:

Subd. 1a. [REVISION OF STATE TRANSPORTATION PLAN.] The commissioner shall revise the state transportation plan not later than July 1, 1993, and not later than July 1 of each odd-numbered year afterward. The revised state transportation plan must:

(1) incorporate the goals of the state transportation system as enumerated in section 174.01; and

(2) provide for objectives, policies, and strategies for achieving those goals.

Sec. 3. Minnesota Statutes 1990, section 174.03, subdivision 2, is amended to read:

Subd. 2. [IMPLEMENTATION OF PLAN.] After the adoption and each revision of the statewide transportation plan, the commissioner and the transportation regulation board shall take no action inconsistent with that revised plan.

ARTICLE 2

RAILROAD CROSSINGS

Section 1. [RAIL-HIGHWAY CROSSING IMPROVEMENT.]

Subdivision 1. [STATE RAIL CORRIDOR STUDY.] The commissioner of transportation shall conduct a study of railroad crossing safety and improvement in Minnesota.

Subd. 2. [CONTENT OF STUDY.] The rail-highway grade crossing study must include:

(1) a method of determining the relative benefits of grade crossing protection and improvement to the railroad, the road authority, and the public and cost-sharing guidelines;

(2) sources of funding for grade crossing protection and improvement;

(3) research needs for grade crossing safety; and

(4) recommendations for statutory changes to improve grade crossing safety.

Subd. 3. [REPORT.] The commissioner shall report to the governor and legislature not later than February 1, 1992, on the results of the study.

Sec. 2. Minnesota Statutes 1990, section 169.26, is amended to read:

169.26 [SPECIAL STOPS AT RAILROADS.]

Subdivision 1. [REQUIREMENTS.] (a) When any person driving a vehicle approaches a railroad grade crossing under any of the circumstances stated in this paragraph, the driver shall stop the vehicle not less than ten feet from the nearest railroad track and shall not proceed until safe to do so. These requirements apply when:

(1) a clearly visible electric or mechanical signal device warns of the immediate approach of a railroad train;

(2) a crossing gate is lowered warning of the immediate approach or passage of a railroad train; or

(3) an approaching railroad train is plainly visible and is in hazardous proximity.

(b) The fact that a moving train approaching a railroad grade crossing is visible from the crossing is prima facie evidence that it is not safe to proceed.

(c) The driver of a vehicle shall stop and remain standing and not traverse the grade crossing when a human flagger signals the approach or passage of a train. No person may drive a vehicle past a flagger at a railroad crossing until the flagger signals that the way is clear to proceed.

Subd. 1a. [VIOLATION.] A peace officer may arrest the driver of a motor vehicle if the peace officer has probable cause to believe that the driver has operated the vehicle in violation of subdivision 1 within the past four hours.

Subd. 2. [PENALTY.] (a) A ~~person~~ driver who violates ~~this section~~ subdivision 1 is guilty of a misdemeanor.

(b) The owner or, in the case of a leased vehicle, the lessee of a motor vehicle is guilty of a petty misdemeanor if a motor vehicle owned or leased by the person is operated in violation of subdivision 1. This paragraph does not apply to a lessor of a motor vehicle if the lessor keeps a record of the name and address of the lessee. This paragraph does not apply if the motor vehicle operator is prosecuted for violating subdivision 1. A violation of this paragraph does not

constitute grounds for revocation or suspension of the owner's or lessee's driver's license.

Subd. 3. [DRIVER TRAINING.] All driver education courses approved by the commissioner of education and the commissioner of public safety must include instruction on railroad-highway grade crossing safety. The commissioner of education and the commissioner of public safety shall by rule provide minimum standards of course content relating to operation of vehicles at railroad and highway grade crossings.

Subd. 4. [APPROPRIATION.] The fines collected for a violation of subdivision 1 must be deposited in the state treasury and appropriated to the rail service improvement account under section 222.49 for public education on railroad grade crossing safety.

Sec. 3. Minnesota Statutes 1990, section 171.13, subdivision 1, is amended to read:

Subdivision 1. [APPLICANTS.] Except as otherwise provided in this section, the commissioner shall examine each applicant for a driver's license by such agency as the commissioner directs. This examination must include a test of applicant's eyesight; ability to read and understand highway signs regulating, warning, and directing traffic; knowledge of traffic laws; knowledge of the effects of alcohol and drugs on a driver's ability to operate a motor vehicle safely and legally; knowledge of railroad grade crossing safety; an actual demonstration of ability to exercise ordinary and reasonable control in the operation of a motor vehicle; and other physical and mental examinations as the commissioner finds necessary to determine the applicant's fitness to operate a motor vehicle safely upon the highways, provided, further however, no driver's license shall be denied an applicant on the exclusive grounds that the applicant's eyesight is deficient in color perception. Provided, however, that war veterans operating motor vehicles especially equipped for handicapped persons, shall, if otherwise entitled to a license, be granted such license. The commissioner shall make provision for giving these examinations either in the county where the applicant resides or at a place adjacent thereto reasonably convenient to the applicant.

Sec. 4. Minnesota Statutes 1990, section 171.13, is amended by adding a subdivision to read:

Subd. 1d. [RAILROAD CROSSING SAFETY.] The commissioner shall include in each edition of the driver's manual published by the department a section relating to safe operation of vehicles at railroad grade crossings.

Sec. 5. Minnesota Statutes 1990, section 219.074, is amended by adding a subdivision to read:

Subd. 3. [CROSSING INVENTORY.] By December 31, 1993, the commissioner shall complete an inventory of all public and private grade crossings in the state and shall annually revise the inventory to reflect grade crossing changes made under this section.

Sec. 6. [219.165] [SAFETY RULES AT PRIVATE RAILROAD GRADE CROSSINGS.]

By December 31, 1992, the commissioner shall adopt rules establishing minimum safety standards at all private railroad grade crossings in the state.

Sec. 7. [219.384] [REMOVAL OF DANGEROUS OBSTRUCTIONS.]

Subdivision 1. [REMOVAL ORDERED.] If a railroad company, road authority, or abutting property owner fails to control the growth of trees or vegetation or the placement of structures or other obstructions on its right-of-way or property so as to interfere with the safety of the public traveling on a public or private grade crossing, the local governing body of the town or municipality where the grade crossing is located may, by notice, require the obstruction to be removed as necessary to provide an adequate view of oncoming trains at the crossings. The commissioner shall adopt rules establishing minimum standards for visibility at public and private grade crossings.

Subd. 2. [PENALTY.] A railroad company, road authority, or property owner that fails to comply with this section within 30 days after being notified in writing is subject to a penalty of $50 for each day that the condition is uncorrected. This penalty may be recovered in the manner provided in section 219.97, subdivision 5.

Sec. 8. Minnesota Statutes 1990, section 219.402, is amended to read:

219.402 [ADEQUATE CROSSING PROTECTION.]

Crossing safety devices or improvements installed or maintained under this chapter as approved by the board, or the commissioner, whether by order or otherwise, are adequate and appropriate protection for the crossing.

Sec. 9. Minnesota Statutes 1990, section 222.50, subdivision 7, is amended to read:

Subd. 7. The commissioner may expend money from the rail service improvement account for the following purposes:

(a) To pay interest adjustments on loans guaranteed under the state rail user loan guarantee program;

(b) To pay a portion of the costs of capital improvement projects designed to improve rail service including construction or improvement of short segments of rail line such as side track, team track and connections between existing lines, and construction and improvement of loading, unloading, storage and transfer facilities of a rail user;

(c) To acquire, maintain, manage and dispose of railroad right-of-way pursuant to the state rail bank program;

(d) To provide for aerial photography survey of proposed and abandoned railroad tracks for the purpose of recording and reestablishing by analytical triangulation the existing alignment of the inplace track; ~~or~~

(e) To pay a portion of the costs of acquiring a rail line by a regional railroad authority established pursuant to chapter 398A; or

(f) To promote research and public education in railroad grade crossing safety, in an amount not exceeding one percent of the money in the account in a fiscal year. The commissioner shall use part of the funds available under this paragraph to determine and demonstrate the feasibility and desirability of increasing the visibility of trains at railroad grade crossings including adding reflectorized materials or strobe lights to rail cars. The commissioner shall report to the chairs of the senate and house of representatives committees on transportation on the results of any such demonstration project.

All money derived by the commissioner from the disposition of railroad right-of-way or of any other property acquired pursuant to sections 222.46 to 222.62 shall be deposited in the rail service improvement account.

ARTICLE 3

PORT DEVELOPMENT ASSISTANCE

Section 1. [457A.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For purposes of sections 1 to 6, the following terms have the meanings given them.

Subd. 2. [COMMERCIAL NAVIGATION FACILITY.] "Commercial navigation facility" means (1) terminals and docks used for the transfer of property or passengers between commercial vessels and land, and supporting equipment, structures, and transportation

facilities, (2) disposal facilities for dredging material produced by port development projects, and (3) buildings and related structures and facilities used by commercial vessels under construction or repair. "Commercial navigation facility" does not include any commercial navigation facility that is (1) not on the commercial navigation system, or (2) the responsibility of the United States corps of army engineers or the United States coast guard.

Subd. 3. [COMMERCIAL VESSEL.] "Commercial vessel" means a vessel used for the transportation of passengers or property. "Commercial vessel" does not include a vessel used primarily for recreational or sporting purposes.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of transportation.

Subd. 5. [DREDGING.] "Dredging" means excavating harbor sediment or bottom materials, including mobilizing or operating equipment for excavating and transporting dredged material to the placing dredged material in a disposal facility.

Subd. 6. [NAVIGATION SYSTEM.] "Navigation system" means (1) the commercially navigable waters of the Mississippi River, the Minnesota, and the St. Croix rivers, (2) the commercial harbors on Minnesota's Lake Superior shoreline, and (3) the commercial navigation facilities on those waterways.

Sec. 2. [457A.02] [PROGRAM ESTABLISHED.]

Subdivision 1. [PURPOSE OF PROGRAM.] A port development assistance program is established for the purpose of:

(1) expediting the movement of commodities and passengers on the commercial navigation system;

(2) enhancing the commercial vessel construction and repair industry in Minnesota; and

(3) promoting economic development in and around ports and harbors in the state.

Subd. 2. [COMMISSIONER TO ADMINISTER.] The commissioner shall administer the port development assistance program to advance the purposes of subdivision 1. In administering the program, the commissioner may:

(1) make grants and loans to persons eligible under section 3, subdivision 1, to apply for them; (2) make assistance agreements with recipients of grants and loans; and (3) adopt rules authorized by section 5.

Sec. 3. [457A.03] [PORT ASSISTANCE.]

Subdivision 1. [ELIGIBLE APPLICANTS.] Any person, political subdivision, or port authority, that owns a commercial navigation facility, may apply to the commissioner for assistance under this chapter.

Subd. 2. [TYPES OF ASSISTANCE.] The commissioner may make loans to an eligible applicant if the commissioner determines that the project submitted by the applicant for assistance will serve either or both of the purposes stated in section 2, subdivision 1, clauses (1) and (2). The commissioner may make grants, or a combination of grants and loans, to an eligible applicant if the commissioner determines that the project submitted by the applicant for assistance will serve either or both of the purposes stated in section 2, subdivision 1, clauses (1) and (2), and will also enhance economic development in and around the commercial navigation facility being assisted.

Subd. 3. [STATE PARTICIPATION; LIMITATIONS.] The commissioner may not provide any assistance under this chapter for more than 50 percent of the non-federal share of any project. Assistance provided under this chapter may not be used to match any other state funds, regardless of source. The commissioner shall not assume continuing funding responsibility for any commercial navigation facility project.

Sec. 4. [457A.04] [ASSISTANCE AGREEMENTS.]

Subdivision 1. [AGREEMENTS REQUIRED.] The commissioner may not provide any assistance to a project under this chapter unless the commissioner has signed an assistance agreement with the recipient of the assistance.

Subd. 2. [COSTS.] An assistance agreement must specify those project costs which may be paid in whole or in part with assistance from the commissioner. Assistance agreements may provide that only the following costs may be so paid:

(1) final engineering costs on a commercial navigation facility project;

(2) capital improvements to a commercial navigation facility; and (3) costs of dredging necessary to open a new commercial navigation facility project, and for disposal of dredged material.

The following costs may not be paid with assistance from the commissioner:

(1) the applicant's administrative, insurance, and legal costs;

(2) costs of acquiring permits for a project;

(3) costs of preparing environmental documents, feasibility studies, or project designs;

(4) interest on money borrowed by the applicant or interest charged to the applicant for late payment of project costs;

(5) any costs related to the routine maintenance or repair, or operation of a commercial navigation facility;

(6) costs of dredging to maintain an existing channel; and (7) any costs for a project that consists exclusively of dredging.

Subd. 3. [INSURANCE; LIABILITY.] An assistance agreement must require the applicant to:

(1) provide a comprehensive general liability insurance policy, complying with minimum amount prescribed by the commissioner by rule, naming the commissioner and officers, employees, and agents of the department of transportation as additional insureds; and

(2) save and hold the commissioner harmless from and against all liability, damage, loss, claims, demands, and actions related to the project being assisted.

Subd. 4. [PERFORMANCE AND PAYMENT BONDS.] An assistance agreement must require an assistance recipient to provide evidence of performance and payment bonds, satisfying all applicable legal requirements for the full amount of any and all construction contracts let by the applicant in connection with the project.

Subd. 5. [REPAYMENT.] An assistance agreement must require the recipient to repay all or part of any assistance received, in an amount determined by the commissioner, if the project for which the assistance is provided:

(1) is not completed according to the terms of the assistance agreement, or

(2) is converted, during the period of time specified in the assistance agreement, to a use that is (1) inconsistent with the purposes of this chapter, or (2) inconsistent with the terms of the assistance agreement, or (3) not approved in writing by the commissioner.

Sec. 5. [457A.05] [RULES.]

The commissioner may adopt rules that provide for:

(1) application procedures for assistance under this chapter;

(2) procedures for establishing deadlines for applications, and for notifying potential recipients of those deadlines;

(3) eligibility criteria for projects to be assisted;

(4) information required to be submitted with applications;

(5) contents of assistance agreements;

(6) any other requirement of this chapter; and

(7) any other requirement the commissioner deems necessary for the administration of this chapter.

Sec. 6. [457A.06] [REVOLVING FUND.]

Subdivision 1. [FUND ESTABLISHED.] A port development revolving fund is established in the state treasury. The fund consists of (1) all money appropriated to the commissioner for the purposes of this chapter, (2) all money received by the commissioner from repayment of loans made under this chapter, and (3) all interest earned on money deposited in the fund.

Subd. 2. [APPROPRIATION.] Money in the port development revolving fund is appropriated to the commissioner for expenditure for the purposes of this chapter.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective July 1, 1991.

ARTICLE 4

LOCAL HIGHWAY FINANCE

Section 1. [160.82] [RUSTIC ROADS PROGRAM.]

Subdivision 1. [DESIGNATION.] A road authority other than the commissioner may, by resolution, designate a road or highway under its jurisdiction as a rustic road. A rustic road must have the characteristics of outstanding natural features or rustic or scenic beauty; a daily traffic volume of less than 150 vehicles per day; year-round use as a local access road; and maximum allowable speed of 45 miles per hour.

Subd. 2. [LOCAL AUTHORITY.] The road authority has the same authority over rustic roads as over other highways and roads under

its jurisdiction. The road authority may designate the type and character of vehicles that may be operated on the rustic road; designate a rustic road or portion of the road as a pedestrian way or bicycle way, or both; and establish priority of right-of-way, paint lines, and construct dividers to physically separate vehicular, bicycle, or pedestrian traffic.

Subd. 3. [JOINT DESIGNATION.] Two or more road authorities may jointly designate a rustic road along a common boundary or into or through their jurisdictions. The road authorities may enter into agreements to divide the costs and responsibility for maintaining the rustic road.

Subd. 4. [COSTS.] A rustic road must be maintained by the road authority having jurisdiction over the road and is not eligible for state-aid funding. State money must not be spent to construct, reconstruct, maintain, or improve a rustic road, except that the commissioner shall pay from the transportation services fund the costs of publishing a map of rustic roads within the state and installing and maintaining signs designating rustic roads.

Sec. 2. [160.83] [STREETS AND HIGHWAYS WITHIN PARKS.]

Subdivision 1. [DEFINITION.] "Park road" means that portion of a street or highway located entirely within the park boundaries of or abutting a city, county, regional, or state park.

Subd. 2. [RESTRICTIONS.] A road authority may not make any changes in the width, grade, or alignment of a park road, other than a county state-aid highway or municipal state-aid street, that would affect the wildlife habitat or aesthetic characteristics of the park road or its adjacent vegetation or terrain, other than changes required to permit the safe travel of vehicles at the speed lawfully designated for that park road. A road authority may not make any changes in the width, grade, or alignment of a park road that is a county state-aid highway or municipal state-aid street that would affect the wildlife habitat or aesthetic characteristics of the park road or its adjacent vegetation or terrain, other than changes required by the minimum state-aid standard applicable to that road.

Subd. 3. [LIABILITY.] A road authority making changes in a park road described in subdivision 1, and its officers and employees, are exempt from liability for any tort claim for injury to persons or property arising from travel on that park road and related to the design of that park road, if the design is adopted to conform to this section, the design complies with the minimum state-aid standards applicable to the road, and the design is not grossly negligent. This subdivision does not preclude an action for damages arising from negligence in the construction, reconstruction, or maintenance of a park road.

Sec. 3. [161.361] [ADVANCE FUNDING FOR TRUNK HIGHWAY PROJECTS.]

Subdivision 1. [ADVANCE FUNDING.] A road authority other than the commissioner may by agreement with the commissioner make advances from any available funds to the commissioner to expedite construction of all or part of a trunk highway within its boundaries. Money may be advanced under this section only for projects already included in the commissioner's highway work program.

Subd. 2. [REPAYMENT.] Subject to the availability of state money, the commissioner shall repay without interest the amount advanced under subdivision 1, up to the state's share of project costs, at the time the project is scheduled for completion in the highway work program. The total amount of annual repayment to road authorities under this section must never exceed the amount stated in the department's debt management policy or $10 million, whichever is less.

Subd. 3. [LOCAL COST SHARING FOR TRUNK HIGHWAY IMPROVEMENTS.] The commissioner may accept gifts, contributions, or grants from a local government body for trunk highway construction, reconstruction, improvement, or maintenance of trunk highways within its boundaries. Money accepted by the commissioner under this subdivision must not adversely affect the scheduling of other trunk highway projects that are not funded in whole or in part by local contributions.

Sec. 4. Minnesota Statutes 1990, section 162.02, subdivision 3a, is amended to read:

Subd. 3a. [VARIANCES, RULES AND ENGINEERING STANDARDS.] The commissioner may grant variances from the rules and from the engineering standards developed pursuant to section 162.021 or 162.07, subdivision 2. A political subdivision in which a county state-aid highway is located or is proposed to be located may submit a written request to the commissioner for a variance for that highway. The commissioner shall publish notice of the request in the state register and give notice to all persons known to the commissioner to have an interest in the matter. The commissioner may grant or deny the variance within 30 days of providing notice of the request. If a written objection to the request is received within 20 days of providing notice, the variance shall be granted or denied only after a contested case hearing has been held on the request. If no timely objection is received and the variance is denied without hearing, the political subdivision may request, within 30 days of receiving notice of denial, and shall be granted a contested case hearing. For purposes of this subdivision, with respect to a variance required for a county state-aid highway that is a park road as defined in section 160.83, subdivision 1, "political subdivision"

includes (1) an agency of a political subdivision which has jurisdiction over parks, and (2) a regional park agency.

Sec. 5. [162.021] [NATURAL PRESERVATION ROUTES.]

Subdivision 1. [NATURAL PRESERVATION ROUTES ESTABLISHED.] The commissioner shall create within the county state-aid highway system a system of natural preservation routes. The commissioner shall provide for criteria for inclusion in the system and for the adoption of standards for the design of routes on the system.

Subd. 2. [CRITERIA.] The criteria for inclusion on the natural preservation route system must provide for the inclusion in the system of those county state-aid highways that possess unique scenic, environmental, aesthetic, recreational, or historic characteristics that would be harmed by construction or reconstruction using standards applicable to county state-aid highways that are not part of the natural preservation route system.

Subd. 3. [STANDARDS.] The design standards adopted by the commissioner for natural preservation routes must provide for the preservation of the characteristics described in subdivision 2, to the extent consistent with public safety. The standards must provide for minimum width of vehicle recovery areas, minimum slopes, and minimum ditch widths, consistent with anticipated speed and volume of traffic on the highway.

Subd. 4. [DESIGNATION.] The commissioner may designate a county state-aid highway as a natural preservation route only on petition of the governing body of the county having jurisdiction over the road. On receiving a petition for designation the commissioner shall appoint an advisory committee consisting of seven members. An advisory committee must include at least one representative of the department of natural resources or the United States department of agriculture forest service, one county commissioner, one county highway engineer, and one representative of a recognized environmental organization. The advisory committee shall consider the petition for designation and make a recommendation to the commissioner. Following receipt of the committee's recommendation the commissioner may designate the highway as a natural preservation route.

Subd. 5. [SIGNS.] The county having jurisdiction over a natural preservation route must post signs at each entry point to the route informing the public that the highway is a natural preservation route. Signs erected under this subdivision are prima facie evidence of adequate notice to the public that the highway has been designated a natural preservation route.

Subd. 6. [LIABILITY.] When a county state-aid highway has been

designated a natural preservation route, constructed in accordance with the standards established by the commissioner under subdivision 1, and signs have been erected as provided in subdivision 5, the state and the county having jurisdiction over the highway, and their officers and employees, are exempt from liability for any tort claim for injury to persons or property arising from travel on the highway and related to the standards for its design, if the design standards comply with the standards established by the commissioner under subdivision 1. This subdivision does not preclude an action for damages arising from negligence in the construction, reconstruction, or maintenance of a natural preservation route.

Sec. 6. Minnesota Statutes 1990, section 162.09, subdivision 3a, is amended to read:

Subd. 3a. [VARIANCES, RULES AND ENGINEERING STANDARDS.] The commissioner may grant variances from the rules and from the engineering standards developed pursuant to section 162.13, subdivision 2. A political subdivision in which a municipal state-aid street is located or is proposed to be located may submit a written request to the commissioner for a variance for that street. The commissioner shall publish notice of the request in the state register and give notice to all persons known to the commissioner to have an interest in the matter. The commissioner may grant or deny the variance within 30 days of providing notice of the request. If a written objection to the request is received within 20 days of providing notice, the variance shall be granted or denied only after a contested case hearing has been held on the request. If no timely objection is received and the variance is denied without hearing, the political subdivision may request, within 30 days of receiving notice of denial, and shall be granted a contested case hearing. For purposes of this subdivision, with respect to a variance requested for a municipal state-aid street that is a park road as defined in section 160.83, subdivision 1, "political subdivision" includes (1) an agency of a political subdivision which has jurisdiction over parks, and (2) a regional park authority.

ARTICLE 5

TOLL FACILITY STUDY

Section 1. [STUDY DIRECTED.]

Subdivision 1. [STUDY DIRECTED.] The transportation study board shall study the feasibility and desirability of authorizing toll transportation facilities in Minnesota.

The study must include:

(1) methods of ensuring that toll facilities are designed, con-

structed, and maintained in such a manner as to protect the investment in them, and to protect road authorities that eventually assume ownership of them;

(2) methods of protecting local interests, including methods of requiring local approval for establishment and location of toll facilities;

(3) alternative methods of regulating tolls, including regulation by a state agency and regulation by road authorities acting individually or jointly;

(4) application of state highway traffic regulations on toll facilities, and provision of law enforcement services on them;

(5) necessity for restrictions on financing of toll facilities;

(6) procedures for transfer of ownership of toll facilities from a private operator to a road authority; and

(7) relationship between toll facilities and publicly owned facilities planned for the same or comparable transportation corridors.

Subd. 2. [REPORT.] The transportation study board shall submit a report containing its findings and recommendations and draft legislation, should the transportation study board determine that legislation is warranted, to the legislature not later than February 15, 1992.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE 6

TRANSPORTATION SERVICES FUND

Section 1. [161.041] [TRANSPORTATION SERVICES FUND.]

Subdivision 1. [FUND CREATED.] A transportation services fund is created in the state treasury. The fund consists of all money required by law to be deposited in the fund, and other money made available to the fund by law.

Subd. 2. [USES OF FUND.] Money in the transportation services fund may only be expended by appropriation for

(1) activities of the commissioner of public safety relating to (i)

driver licensing, (ii) motor vehicle registration and licensing, (iii) the accident reporting system; and (iv) the state patrol;

(2) activities of the commissioner of transportation relating to oversize and overweight permits, including the cost of necessary highway maintenance and preservation related to granting those permits;

(3) activities of the commissioner of transportation related to junkyard screening and control of outdoor advertising devices;

(4) activities of the transportation regulation board related to motor carrier regulation; and

(5) repayment of money borrowed for new buildings, and improvements to existing buildings, of the department of transportation.

Sec. 2. Minnesota Statutes 1990, section 168.54, subdivision 5, is amended to read:

Subd. 5. The proceeds of the fee imposed under the provisions of this section shall be collected by the commissioner of public safety and paid into the ~~general~~ transportation services fund.

Sec. 3. Minnesota Statutes 1990, section 168.54, subdivision 6, is amended to read:

Subd. 6. The unobligated balances in excess of $4,000 in said revolving fund as of June 30 of each fiscal year shall be canceled into the ~~general~~ transportation services fund.

Sec. 4. Minnesota Statutes 1990, section 169.09, subdivision 13, is amended to read:

Subd. 13. [ACCIDENT REPORTS CONFIDENTIAL.] All written reports and supplemental reports required under this section to be provided to the department of public safety shall be without prejudice to the individual so reporting and shall be for the confidential use of the department of public safety and other appropriate state, federal, county, and municipal governmental agencies for accident analysis purposes, except that the department of public safety or any law enforcement department of any municipality or county in this state shall, upon written request of any person involved in an accident or upon written request of the representative of the person's estate, surviving spouse, or one or more surviving next of kin, or a trustee appointed pursuant to section 573.02, disclose to the requester, the requester's legal counsel or a representative of the requester's insurer any information contained therein except the parties' version of the accident as set out in the written report filed by the parties or may disclose identity of a person involved in an

accident when the identity is not otherwise known or when the person denies presence at the accident. No report shall be used as evidence in any trial, civil or criminal, arising out of an accident, except that the department of public safety shall furnish upon the demand of any person who has, or claims to have, made a report, or, upon demand of any court, a certificate showing that a specified accident report has or has not been made to the department of public safety solely to prove a compliance or a failure to comply with the requirements that the report be made to the department of public safety. Disclosing any information contained in any accident report, except as provided herein, is unlawful and a misdemeanor.

Nothing herein shall be construed to prevent any person who has made a report pursuant to this chapter from providing information to any persons involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the person's knowledge. It is intended by this subdivision to render privileged the reports required but it is not intended to prohibit proof of the facts to which the reports relate. Legally qualified newspaper publications and licensed radio and television stations shall upon request to a law enforcement agency be given an oral statement covering only the time and place of the accident, the names, addresses, and dates of birth of the parties involved, whether a citation was issued, and if so, what it was for, and whether the parties involved were wearing seat belts, and a general statement as to how the accident happened without attempting to fix liability upon anyone, but said legally qualified newspaper publications and licensed radio and television stations shall not be given access to the hereinbefore mentioned confidential reports, nor shall any such statements or information so orally given be used as evidence in any court proceeding, but shall merely be used for the purpose of a proper publication or broadcast of the news.

When these reports are released for accident analysis purposes the identity of any involved person shall not be revealed. Data contained in these reports shall only be used for accident analysis purposes, except as otherwise provided by this subdivision. Accident reports and data contained therein which may be in the possession or control of departments or agencies other than the department of public safety shall not be discoverable under any provision of law or rule of court.

Notwithstanding other provisions of this subdivision to the contrary, the commissioner of public safety shall give to the commissioner of transportation the name and address of a carrier subject to section 221.031 that is named in an accident report filed under subdivision 7 or 8. The commissioner of transportation may not release the name and address to any person. The commissioner shall use this information to enforce accident report requirements under chapter 221. In addition the commissioner of public safety may give to the United States Department of Transportation commercial

vehicle accident information in connection with federal grant programs relating to safety.

The ~~department~~ commissioner of public safety may charge authorized persons a $5 fee for a copy of an accident report. Proceeds from the fee must be deposited into the transportation services fund.

Sec. 5. Minnesota Statutes 1990, section 170.23, is amended to read:

170.23 [ABSTRACTS; FEE; ADMISSIBLE IN EVIDENCE.]

The commissioner shall upon request furnish any person a certified abstract of the operating record of any person subject to the provisions of this chapter, and, if there shall be no record of any conviction of such person of violating any law relating to the operation of a motor vehicle or of any injury or damage caused by such person, the commissioner shall so certify. Such abstracts shall not be admissible as evidence in any action for damages or criminal proceedings arising out of a motor vehicle accident. A fee of $5 shall be paid for each such abstract. The commissioner shall permit a person to inquire into the operating record of any person by means of the inquiring person's own computer facilities for a fee to be determined by the commissioner of at least $2 for each inquiry. The commissioner shall furnish an abstract that is not certified for a fee to be determined by the commissioner in an amount less than the fee for a certified abstract but more than the fee for an inquiry by computer. Fees collected under this section must be paid into the state treasury with 90 percent of the money credited to the ~~trunk highway~~ transportation services fund and ten percent credited to the general fund.

Sec. 6. Minnesota Statutes 1990, section 171.185, is amended to read:

171.185 [COSTS PAID FROM ~~TRUNK HIGHWAY~~ TRANSPORTATION SERVICES FUND.]

All costs incurred by the commissioner in carrying out the provisions of sections 171.182 to 171.184 shall be paid from the ~~trunk highway~~ transportation services fund.

Sec. 7. Minnesota Statutes 1990, section 171.26, is amended to read:

171.26 [MONEY CREDITED TO ~~TRUNK HIGHWAY~~ TRANSPORTATION SERVICES FUND AND TO GENERAL FUND.]

All money received under the provisions of this chapter shall be paid into the state treasury with 90 percent of such money credited

to the ~~trunk highway~~ transportation services fund, and ten percent credited to the general fund, except as provided in section 171.29, subdivision 2.

Sec. 8. Minnesota Statutes 1990, section 171.36, is amended to read:

171.36 [LICENSE RENEWAL AND FEES.]

All licenses shall expire one year from date of issuance and may be renewed upon application to the commissioner. Each application for an original or renewal school license shall be accompanied by a fee of $150 and each application for an original or renewal instructor's license shall be accompanied by a fee of $50. The license fees collected under sections 171.33 to 171.41 shall be paid into the ~~trunk highway~~ transportation services fund. No license fee shall be refunded in the event that the license is rejected or revoked.

Sec. 9. Minnesota Statutes 1990, section 173.13, subdivision 4, is amended to read:

Subd. 4. The annual fee for each such permit or renewal thereof shall be as follows:

(1) If the advertising area of the advertising device does not exceed 50 square feet, the fee shall be ~~$20~~ $40.

(2) If the advertising area exceeds 50 square feet but does not exceed 300 square feet, the fee shall be ~~$40~~ $80.

(3) If the advertising area exceeds 300 square feet, the fee shall be ~~$80~~ $160.

(4) No fee shall be charged for a permit for official signs and notices as they are defined in section 173.02, except that a fee may be charged for a star city sign erected under section 173.085.

Sec. 10. Minnesota Statutes 1990, section 173.231, is amended to read:

173.231 [FEES.]

All fees collected under sections 173.07 and 173.13, ~~shall~~ must be paid into the ~~trunk highway~~ transportation services fund.

Sec. 11. Minnesota Statutes 1990, section 221.036, subdivision 14, is amended to read:

Subd. 14. [~~TRUNK HIGHWAY~~ TRANSPORTATION SERVICES FUND.] Penalties collected under this section must be deposited in

the state treasury and credited to the ~~trunk highway~~ transportation services fund.

Sec. 12. [221.297] [DISPOSITION OF RECEIPTS.]

All money deposited in the state treasury from fees and penalties under this chapter must be credited to the transportation services fund.

Sec. 13. Minnesota Statutes 1990, section 296.16, subdivision 1a, is amended to read:

Subd. 1a. [INTENT; FOREST ROADS.] ~~$675,000~~ Approximately 0.116 percent of the total annual unrefunded revenue from the gasoline fuel tax on all gasoline and special fuel received in, produced, or brought into this state, except gasoline and special fuel used for aviation purposes, is derived from the operation of motor vehicles *on state forest* roads and county forest access roads~~, and~~. Of this ~~sum, $400,000~~ amount, 0.0605 percent is annually derived from motor vehicles operated on state forest roads and ~~$275,000~~ 0.0555 percent is annually derived from motor vehicles operated on county forest access roads in this state.

Sec. 14. Minnesota Statutes 1990, section 296.421, subdivision 8, is amended to read:

Subd. 8. [COMPUTATION AND DISTRIBUTION OF UNREFUNDED TAXES FOR FOREST ROADS.] The amount of unrefunded tax paid on gasoline and special fuel used to operate motor vehicles on forest roads, except gasoline and special fuel used for aviation purposes, is ~~$675,000 annually~~ 0.116 percent of the total unrefunded revenue from the tax on all gasoline and special fuel received *in, produced, or* brought into the state, and this revenue is appropriated from the highway user tax distribution fund and must be transferred and credited in equal installments on July 1 and January 1 to the state forest road account established in section 89.70. ~~$275,000 of this amount~~ An amount equal to 0.0555 percent of the unrefunded revenue must be annually transferred to counties for management and maintenance of county forest roads.

Sec. 15. Minnesota Statutes 1990, section 299D.03, subdivision 5, is amended to read:

Subd. 5. [FINES AND FORFEITED BAIL MONEY.] (a) All fines and forfeited bail money, from traffic and motor vehicle law violations, collected from persons apprehended or arrested by officers of the state patrol, shall be paid by the person or officer collecting the fines, forfeited bail *money or installments* thereof, on or before the tenth day after the last day of the month in which these moneys were collected, to the county treasurer of the county where the violation

occurred. Three-eighths of these receipts shall be credited to the general revenue fund of the county. The other five-eighths of these receipts shall be transmitted by that officer to the state treasurer and shall be credited to the ~~trunk highway~~ transportation services fund. If, however, the violation occurs within a municipality and the city attorney prosecutes the offense, and a plea of not guilty is entered, one-third of the receipts shall be credited to the general revenue fund of the county, one-third of the receipts shall be paid to the municipality prosecuting the offense, and one-third shall be transmitted to the state treasurer as provided in this subdivision. All costs of participation in a nationwide police communication system chargeable to the state of Minnesota shall be paid from appropriations for that purpose.

(b) Notwithstanding any other provisions of law, all fines and forfeited bail money from violations of statutes governing the maximum weight of motor vehicles, collected from persons apprehended or arrested by employees of the state of Minnesota, by means of stationary or portable scales operated by these employees, shall be paid by the person or officer collecting the fines or forfeited bail money, on or before the tenth day after the last day of the month in which the collections were made, to the county treasurer of the county where the violation occurred. Five-eighths of these receipts shall be transmitted by that officer to the state treasurer and shall be credited ~~to the highway user tax distribution fund~~ as follows: 62 percent to the transportation services fund; 29 percent to the county state-aid highway fund; and 9 percent to the municipal state-aid street fund. Three-eighths of these receipts shall be credited to the general revenue fund of the county.

Sec. 16. [EFFECTIVE DATE.]

Sections 1 to 15 are effective July 1, 1991.

ARTICLE 7

METROPOLITAN TRANSPORTATION DEVELOPMENT

Section 1. [174.35] [LIGHT RAIL TRANSIT.]

The commissioner of transportation may plan, acquire, construct, and equip light rail transit facilities in the metropolitan area as provided in this section, sections 473.399 to 473.3996, and sections 11 and 12 and may exercise the powers granted in chapter 174 as necessary for this purpose. The commissioner shall review and approve all preliminary design, preliminary engineering, and final design plans for light rail transit facilities.

Sec. 2. Minnesota Statutes 1990, section 473.373, subdivision 4a, is amended to read:

Subd. 4a. [MEMBERSHIP.] (a) The board consists of 11 members with governmental or management experience. Appointments are subject to the advice and consent of the senate. Terms of members are four years commencing on the first Monday in January of the first year of the term.

(b) The council shall appoint eight members, one from each of the following agency districts:

(1) district A, consisting of council districts 1 and 2;

(2) district B, consisting of council districts 3 and 7;

(3) district C, consisting of council districts 4 and 5;

(4) district D, consisting of council districts 6 and 11;

(5) district E, consisting of council districts 8 and 10;

(6) district F, consisting of council districts 9 and 13;

(7) district G, consisting of council districts 12 and 14; and

(8) district H, consisting of council districts 15 and 16.

~~At least~~ Six must be elected officials of statutory or home rule charter cities, towns, or counties. ~~Two of these officials must be county board members, each from a different county, and four must be elected officials of cities or towns. Service on the board of a person who is appointed as an elected official may continue only as long as the person holds the office. At least 30 days before the expiration of a term or upon the occurrence of a vacancy, the council shall request nominations for the position from relevant organizations of local elected officials, such as the association of metropolitan municipalities, the metropolitan intercounty association, the association of urban counties, and where applicable, the association of townships. Each relevant organization shall nominate at least two persons for each position. A local governmental unit that is not a member of an organization may submit nominations independently. The council shall make its appointments from the nominations submitted to it to the extent possible consistent with the other requirements of this paragraph and with the appointment of a board that fairly reflects the diverse areas and constituencies affected by transit.~~

(c) The governor shall appoint, in addition to the chair, two persons, one who is age 65 or older at the time of appointment, and one with a disability. These appointments must be made following the procedures of section 15.0597. In addition, at least 30 days before the expiration of a term or upon the occurrence of a vacancy in the office held by a senior citizen or a person with a disability, the

governor shall request nominations from organizations of senior citizens and persons with disabilities. Each organization shall nominate at least two persons. The governor shall consider the nominations submitted.

(d) No more than three of the members appointed under paragraphs (b) and (c) may be residents of the same statutory or home rule city or town, and none may be a member of the joint light rail transit advisory committee established under section 473.3991.

Sec. 3. Minnesota Statutes 1990, section 473.399, is amended to read:

473.399 [LIGHT RAIL TRANSIT; REGIONAL PLAN.]

Subdivision 1. [GENERAL REQUIREMENTS.] (a) The transit board shall adopt a regional light rail transit plan, as provided in this section, to ensure that light rail transit facilities in the metropolitan area will be acquired, developed, owned, and capable of operation in an efficient, cost-effective, and coordinated manner as an integrated and unified system on a multicounty basis in coordination with buses and other transportation modes and facilities. To the extent practicable, the board shall incorporate into its plan appropriate elements of the plans of regional railroad authorities in order to avoid duplication of effort.

(b) The regional plan required by this section must be adopted by the board before any regional railroad authority may begin construction of light rail transit facilities and before any authority is eligible for state financial assistance for constructing light rail transit facilities. Following adoption of the regional plan, each regional railroad authority or other developer of light rail transit in the metropolitan area shall act in conformity with the plan. Each authority or proposer shall prepare or amend its comprehensive plan and preliminary and final design plans as necessary to make the plans consistent with the regional plan.

(c) Throughout the development and implementation of the plan, the board shall contract for or otherwise obtain engineering services to assure that the plan adequately addresses the technical aspects of light rail transit.

(d) The board may periodically review the plan and may make modifications or amendments to the plan.

Subd. 2. [DEVELOPMENT AND FINANCIAL PLAN.] (a) The board shall adopt a regional development and financial plan for light rail transit composed of the following elements:

(1) a staged development plan of light rail transit corridors;

(2) a statement of needs, objectives, and priorities for capital development and service for a prospective ten-year period, considering service needs, ridership projections, and other relevant factors for the various segments of the system, along with a statement of the fiscal implications of these objectives and priorities, and policies and recommendations for long-term capital financing;

(3) a capital investment component for a five-year period following the commencement of construction of facilities, with policies and recommendations for ownership of facilities and for financing capital and operating costs.

(b) For any segments of rail line that may be constructed below the surface elevation, the plan must estimate the additional capital costs, debt service, and subsidy level that are attributable to the below grade construction. The plan must include a method of financing the operation of light rail transit that depends on property tax revenue for no more than 35 percent of the operations cost.

(c) The board shall prepare the initial plan in consultation with its light rail transit advisory committee. The board shall submit the plan and amendments to the plan to the metropolitan council for review and approval or disapproval, for conformity with the council's transportation plan. The council has 90 days to complete its review.

Subd. 3. [COORDINATION PLAN.] (a) The board shall adopt a regional coordination plan for light rail transit. The plan must include:

(1) a method for organizing and coordinating acquisition, construction, ownership, and operation of light rail transit facilities, including in particular, coordination of vehicle specifications, provisions for a single light rail transit operator for the system, and the organization and coordination method required if a turn-key approach to facility acquisition is used by a regional railroad authority;

(2) specifications and standards to ensure joint or coordinated procurement of rights-of-way, track, vehicles, electrification, communications and ticketing facilities, yards and shops, stations, and other facilities that must be or should be operated on a systemwide basis;

(3) systemwide operating and performance specifications and standards;

(4) bus and park-and-ride coordination policies, standards, and plans to assure maximum use of light rail transit and the widest possible access to light rail transit in both urban and suburban areas;

(5) a method for ensuring ongoing coordination of development, design, and operational plans for light rail facilities;

(6) provision for the operation of light rail transit by the metropolitan transit commission; and

(7) other matters that the board deems prudent and necessary to ensure that light rail transit facilities are acquired, developed, owned, and capable of operation in an efficient, cost-effective, and coordinated manner as an integrated and unified system on a multicounty basis in coordination with buses and other transportation modes and facilities.

(b) The joint light rail transit advisory committee shall prepare and recommend the initial plan to the board. The board shall review the plan within 90 days and either adopt it or disapprove it and return it to the committee with the modifications that the board recommends before adoption of the plan. The committee shall take into consideration the board's recommendations and resubmit the plan to the board for review and adoption or disapproval.

(c) The metropolitan council shall review and comment on the plan and amendments to the plan.

Sec. 4. Minnesota Statutes 1990, section 473.3991, subdivision 1, is amended to read:

Subdivision 1. [CREATION; PURPOSE.] The transit board shall establish a joint light rail transit advisory committee, to assist the board in planning light rail transit facilities and in coordinating the light rail transit activities of the county regional railroad authorities and the transit commission. The committee shall perform the duties specified in section 473.399 and Laws 1989, chapter 339, section 20, ~~and shall otherwise assist the board upon request of the board~~.

Sec. 5. Minnesota Statutes 1990, section 473.3991, is amended by adding a subdivision to read:

Subd. 5. [TERMINATION.] The committee ceases to exist on the day following final enactment.

Sec. 6. Minnesota Statutes 1990, section 473.3993, subdivision 2, is amended to read:

Subd. 2. [PRELIMINARY DESIGN PLAN.] "Preliminary design plan" means a light rail transit plan that ~~identifies~~ includes:

(1) preliminary plans for the physical design of facilities, at approximately the ten percent engineering level, including location,

length, and termini of routes; general dimension, elevation, alignment, and character of routes and crossings; whether the track is elevated, on the surface, or below ground; approximate station locations; and related park and ride, parking, and other transportation facilities; and a plan for handicapped access; and

(2) preliminary plans for intermodal coordination with bus operations and routes; ridership; capital costs; operating costs and revenues; and funding ~~for final design, construction, and operation; and an implementation method~~.

Sec. 7. Minnesota Statutes 1990, section 473.3993, is amended by adding a subdivision to read:

Subd. 2a. [PRELIMINARY ENGINEERING PLAN.] "Preliminary engineering plan" means a light rail transit engineering plan that includes plans for the physical design of the facilities at approximately the 30 percent engineering level; a funding plan for final design, construction, and operation; and an implementation method.

Sec. 8. Minnesota Statutes 1990, section 473.3993, subdivision 3, is amended to read:

Subd. 3. [FINAL DESIGN PLAN.] "Final design plan" means a light rail transit plan that includes the items in the preliminary design and preliminary engineering plan for the facilities proposed for construction, but with greater detail and specificity. The final design plan must include, at a minimum:

(1) final plans for the physical design of facilities, including the right-of-way definition; environmental impacts and mitigation measures; intermodal coordination with bus operations and routes; and civil engineering plans for vehicles, track, stations, parking, and access, including handicapped access; and

(2) final plans for civil engineering for electrification, communication, and other similar facilities; operational rules, procedures, and strategies; capital costs; ridership; operating costs and revenues; financing for construction and operation; an implementation method; and other similar matters.

The final design plan must be stated with sufficient particularity and detail to allow the proposer to begin the acquisition and construction of operable facilities. If a turn-key implementation method is proposed, instead of civil engineering plans the final design plan must state detailed design criteria and performance standards for the facilities.

Sec. 9. Minnesota Statutes 1990, section 473.3994, is amended to read:

473.3994 [LIGHT RAIL TRANSIT; ~~DESIGN~~ FACILITY PLANS.]

Subd. 1a. [PRELIMINARY DESIGN PLANS.] The regional transit board shall establish a procedure for preparing preliminary design plans for light rail transit facilities. The procedure must ensure that preliminary design plans implement the board's regional transit plan and qualify for federal funds in accordance with the board's plan, and that proposals for engineering and construction projects are prepared in a timely and cost-effective manner.

Subd. 2. [PRELIMINARY DESIGN AND ENGINEERING PLANS; PUBLIC HEARING.] ~~Before preparing final design plans for a light rail transit facility, the~~ A political subdivision ~~proposing the~~ that has prepared preliminary design and preliminary engineering plans for a proposed facility must hold a public hearing on the physical design component of the preliminary design plans and the preliminary engineering plans. The proposer must provide appropriate public notice of the hearing and publicity to ensure that affected parties have an opportunity to present their views at the hearing.

Subd. 3. [PRELIMINARY DESIGN AND PRELIMINARY ENGINEERING PLANS; LOCAL APPROVAL.] At least 30 days before the hearing under subdivision 2, the proposer shall submit the ~~physical design component of 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, except that a county board need not hold a hearing if the county board membership is identical to the membership of the regional railroad authority submitting the plan for review. Within 45 days after the hearing under subdivision 2, the city, county, or town shall review and approve or disapprove the plans for the route to be located in the city, county, or town. A local unit of government that disapproves the plans shall describe specific amendments to the plans that, if adopted, would cause the local unit to withdraw its disapproval. Failure to approve or disapprove the plans in writing within 45 days after the hearing is deemed to be approval, unless an extension of time is agreed to by the city, county, or town and the proposer.

Subd. 4. [PRELIMINARY DESIGN AND PRELIMINARY ENGINEERING PLANS; REGIONAL TRANSIT BOARD REFERRAL.] If the governing body of one or more cities, counties, or towns disapproves the preliminary design or preliminary engineering plans within the period allowed under subdivision 3, the proposer may refer the plans, along with any comments of local jurisdictions, to the regional transit board. The board shall hold a hearing on the plans, giving the proposer, any disapproving local governmental units, and other persons an opportunity to present their views on the plans. The board may conduct independent study as it deems desirable and may mediate and attempt to resolve disagreements

about the plans. Within 90 days after the referral, the board shall review the plans submitted by the proposer and may recommend amended plans to accommodate the objections presented by the disapproving local governmental units.

Subd. 5. [FINAL DESIGN PLANS.] (a) Before beginning construction, the proposer shall submit the physical design component of 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. Within 60 days after the submission of the plans, the city, county, or town shall review and approve or disapprove the plans for the route located in the city, county, or town. A local unit of government that disapproves the plans shall describe specific amendments to the plans that, if adopted, would cause the local unit to withdraw its disapproval. Failure to approve or disapprove the plans in writing within the time period is deemed to be approval, unless an extension is agreed to by the city, county, or town and the proposer.

(b) If the governing body of one or more cities, counties, or towns disapproves the plans within the period allowed under paragraph (a), the proposer may refer the plans, along with any comments of local jurisdictions, to the regional transit board. The board shall review the final design plans under the same procedure and with the same effect as provided in subdivision 4 for preliminary design plans.

Subd. 6. [COUNTY APPROVAL.] The proposer of a light rail transit facility in the metropolitan area ~~must~~ shall submit the preliminary and final design plans for the facility to the governing board of the county in which the route is proposed to be located for approval or disapproval. The proposer of the facility may not proceed with construction of the facility without the approval of the county.

Subd. 7. [COUNCIL REVIEW.] Before proceeding with construction of a light rail transit facility, ~~a regional rail authority established under chapter 398A must~~ the proposer of the facility shall submit preliminary design plans, preliminary engineering plans, and final design plans to the metropolitan council. The council ~~must~~ shall review the plans for consistency with the council's development guide and comment on the plans.

Subd. 8. [METROPOLITAN SIGNIFICANCE.] This section does not diminish or replace the authority of the council under section 473.173.

Sec. 10. Minnesota Statutes 1990, section 473.3996, is amended to read:

473.3996 [LIGHT RAIL TRANSIT FACILITY ~~DESIGN~~ PLANS; REVIEW ~~BY BOARD~~.]

Subdivision 1. [PRELIMINARY DESIGN AND ENGINEERING PLANS; BOARD REVIEW.] Before submitting the physical design component of final design plans of a light rail transit facility for local review under section 473.3994, subdivision 5, the proposer shall submit preliminary design and preliminary engineering plans to the regional transit board for review. The board shall review the ~~preliminary design~~ plans to determine the compatibility of the plans with other light rail transit plans and facilities in the metropolitan area, the adequacy of the plans for operation and maintenance of facilities, the adequacy of the plans for handicapped accessibility, and the conformity of the plans with the council's transportation policy plan and the board's regional light rail transit plan prepared under section 473.399. The board shall submit the plans to the metropolitan transit commission for recommendations on specifications and other matters affecting operation and maintenance of facilities. The board shall submit the plans to the council for recommendations on the conformity of the plans with the council's transportation policy plan. The board may comment on any aspect of the plans. The board has 90 days to complete its review, unless an extension of time is agreed to by the proposer. If the board determines that the plans do not satisfy the standards stated in this subdivision, the board shall recommend modifications in the plans that are necessary in order to satisfy the board. After adopting or amending the regional plan required by section 473.399, the board may again review any previously reviewed preliminary design plans and recommend modifications that are necessary to satisfy the board.

Subd. 2. [FINAL DESIGN PLANS; BOARD APPROVAL.] Before acquiring or constructing light rail transit facilities, other than land for right of way, the proposer shall submit final design plans to the regional transit board for review. The board shall review the final design plans under the same procedure and schedule and according to the same standards as provided for its review of preliminary design plans. The board shall either approve the plans, or if it determines that the plans do not satisfy the standards, disapprove the plans, in whole or in part, and recommend modifications in the plans that are necessary to secure approval. A proposer may not proceed with acquisition or construction of a light rail transit facility, other than land for right of way, unless the final design plans for the facility have been approved by the board. ~~Following approval of final design plans by the board, if a regional railroad authority wishes to select a bid or a response to a request for proposal that is more than ten percent higher than the capital costs indicated in the final design plans for the facility, the authority may not proceed with construction until it has resubmitted the final design plans to the transit board for further review and approval or disapproval. The board has ten working days to review and approve or disapprove and recommend modification, unless an extension of time is agreed to by the authority.~~

Sec. 11. [LIGHT RAIL FUNDING.]

If funds are appropriated by the legislature for construction of light rail transit facilities, the funds must be used first for construction of the central corridor in accordance with section 12. A regional rail authority may on its own seek federal funds to design and construct one demonstration light rail facility that does not include a downtown tunnel, and may construct that facility using a combination of federal and county funds as described in the light rail transit regional development plan as approved by the regional transit board.

Sec. 12. [CENTRAL CORRIDOR FACILITIES.]

Subdivision 1. [CONSTRUCTION.] The commissioner of transportation shall review and approve preliminary engineering plans, prepare final design plans, and construct light rail transit facilities in the central corridor. The commissioner shall submit final design plans for review in the manner provided under Minnesota Statutes, sections 473.3994 and 473.3996.

Subd. 2. [TUNNEL.] The commissioner may not construct underground light rail transit facilities, except that the commissioner may enter into agreements providing for underground construction if the additional costs of underground construction are paid by the city or the regional railroad authority in which the facility is located.

Subd. 3. [OWNERSHIP.] By January 1, 1993, the commissioner shall present to the legislature a plan for transferring or sharing ownership in the land and facilities for light rail transit, and providing for maintenance of the facilities. The plan must be prepared in consultation with the regional transit board, the metropolitan transit commission, and affected local government units.

Subd. 4. [REPORT TO BOARD.] The commissioner shall report to the transportation study board on the status of the preliminary engineering plans, including cost estimates, for the central corridor by November 15, 1991.

Sec. 13. [APPLICATION.]

Sections 1 to 12 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 14. [EFFECTIVE DATE.]

Sections 4 and 5 are effective July 1, 1991.

ARTICLE 8

TRANSPORTATION STUDIES

Section 1. [161.53] [RESEARCH ACTIVITIES.]

The commissioner may set aside for transportation research in each fiscal year an amount up to one percent of the total amount of all funds appropriated to the commissioner other than county state-aid and municipal state-aid highway funds. The commission shall expend this money for (1) research to improve the design, construction, maintenance, management, and environmental compatibility of transportation systems; (2) research to improve the development of transportation policies with respect to energy efficiency and economic development; (3) programs for implementing and monitoring research results; and (4) developing transportation education and outreach activities. Of all funds appropriated to the commissioner other than state-aid funds, the commissioner shall expend 0.1 percent, but not exceeding $800,000 in any fiscal year, for research and related activities performed by the center for transportation studies of the University of Minnesota. The center shall establish a technology transfer and training center for Minnesota transportation professionals.

Sec. 2. [DEPARTMENT OF TRANSPORTATION; CORRIDOR STUDIES.]

Subdivision 1. [FINDING.] The legislature finds that a system of improved highways between regional centers in greater Minnesota and the Twin Cities metropolitan area is needed to promote economic development and to enhance commercial access, personal mobility, and traffic safety in Minnesota. It is therefore in the public interest to provide financing methods that accelerate construction of trunk highways linking regional centers in greater Minnesota with the Twin Cities metropolitan area.

Subd. 2. [STUDY.] The commissioner of transportation shall study and report to the governor and legislature the feasibility and desirability of establishing a comprehensive system of multilane divided highways connecting all regional centers with the Twin Cities metropolitan area. The study must include:

(1) existing highways on corridors between regional centers and the metropolitan area;

(2) improvements to bring all highways in these corridors to expressway standards;

(3) the cost of these improvements;

(4) the role of these improvements in the department of transportation's trunk highway programming priorities; and

(5) a schedule for completing these improvements.

The commissioner shall complete the study and submit the report not later than January 15, 1992.

Sec. 3. [3.862] [TRANSPORTATION STUDY BOARD.]

Subdivision 1. [BOARD EXTENDED; MEMBERSHIP.] The transportation study board created under Laws 1988, chapter 603, section 6, is hereby extended. The board shall consist of the following members:

(1) five members of the senate, with not more than three of the same political party, appointed by the senate committee on committees; and

(2) five members of the house of representatives, with not more than three of the same political party, appointed by the speaker of the house. Appointments are for two-year terms beginning July 1 of each odd-numbered year. Vacancies must be filled in the same manner as the original appointments.

Subd. 2. [OFFICERS.] The board shall elect a chair and vice-chair from among its members. The chair must alternate biennially between a member of the house and a member of the senate. The vice-chair must be a house member when the chair is a senate member, and a senate member when the chair is a house member.

Subd. 3. [STAFF.] The board may employ professional, technical, consulting, and clerical services. The board may use legislative staff to provide legal counsel, research, secretarial, and clerical assistance.

Subd. 4. [EXPENSES AND REIMBURSEMENT.] The members of the board may receive per diem when attending meetings and other commission business. Members, employees, and legislative staff must be reimbursed for expenses actually and necessarily incurred in the performance of their duties under the rules governing legislators and legislative employees.

Sec. 4. [3.863] [DUTIES.]

The transportation study board shall perform the following duties:

(1) review and participate with the house and senate transporta-

tion committees in developing recommendations for state transportation policies;

(2) monitor state transportation programs, expenditures, and activities;

(3) review and participate in the coordination of legislative initiatives that affect state and local transportation agencies; and

(4) propose special studies to the legislature and conduct studies at the direction of the legislature.

Sec. 5. [3.864] [SPECIAL STUDIES.]

Subdivision 1. [STUDIES.] The board shall conduct the studies in subdivisions 2 to 7 by January 1, 1993. The board may request the commissioner of transportation to conduct any of the studies and report to the board and the legislature.

Subd. 2. [HIGHWAY PLANNING PROCESS.] The board shall review the department of transportation's policies and procedures for identifying, evaluating, prioritizing, and implementing trunk highway development projects. The board shall not propose, identify, or otherwise select any specific project or category of projects. The board shall report to the legislature and the commissioner of transportation on the results of the study with recommendations:

(1) to the commissioner of transportation with respect to changes in the department's policies and procedures; and

(2) to the legislature with respect to changes in law governing those policies and procedures.

Subd. 3. [HIGHWAY JURISDICTION.] The board shall conduct a study of the functional classification of all streets and highways in Minnesota. The study shall include:

(1) development of a state jurisdiction plan, which must include:

(i) criteria for determining the functional class of each street and highway in the state;

(ii) identification of the appropriate jurisdiction of each street and highway, based on functional class; and

(iii) criteria for determining when jurisdiction should be based on factors other than functional class;

(2) recommendations for implementing the jurisdiction plan; and

(3) recommendations for changes in law to facilitate future jurisdiction transfers.

The board shall report to the legislature and the commissioner of transportation on the results of the study.

Subd. 4. [LIGHT RAIL TRANSIT.] The board shall review and report to the legislature on any preliminary engineering plans for light rail transit adopted by the commissioner of transportation under article 7.

Subd. 5. [STATE-AID DISTRIBUTION.] The board shall study all unresolved issues relating to distribution of the county state-aid highway fund and the municipal state-aid street fund. These issues may include, but need not be limited to:

(1) formulas for distributing money in these funds;

(2) methods of measuring and quantifying factors used in those formulas;

(3) the role of screening boards in this distribution;

(4) methods of mitigating reductions in state aid that might result to one or more counties from various changes in state aid formulas and distribution procedures; and

(5) appropriate levels of state participation in the cost of constructing and maintaining county state-aid highways and municipal state-aid streets.

Subd. 6. [LOCAL PARTICIPATION IN TRUNK HIGHWAY PROJECTS.] The board shall study the appropriate role of local units of government in assisting in the cost of projects to construct or reconstruct trunk highways. The study must include a recommendation of guidelines to govern the extent of that participation and the types of projects for which participation is feasible and desirable.

Subd. 7. [INCREASED USE OF HIGH-OCCUPANCY VEHICLES.] The board shall study the feasibility and desirability of increasing incentives for the use of high-occupancy vehicles such as carpools, vanpools, and transit. The board shall study and evaluate, among other things, each of the following incentives:

(1) tax incentives to employees;

(2) tax incentives and other incentives to employers;

(3) parking charges designed to discourage single-occupant vehicles and promote high-occupancy vehicles;

(4) road pricing on freeways and other commuting routes;

(5) staggered work hours;

(6) expanded availability and reduced cost of regular-route transit; and

(7) increased use of demand-responsive transit to meet the needs of persons otherwise automobile dependent.

Subd. 8. [LOCAL FINANCE STUDY.] The board shall study and report to the legislature by February 15, 1992, the use and effect of methods other than property tax revenues to finance local transportation improvements, including impact fees, transportation utility fees, and similar methods.

Sec. 6. [APPROPRIATION.]

$..... is appropriated from the highway user tax distribution fund to the transportation study board.

Sec. 7. [REPEALER.]

Laws 1988, chapter 603, section 6, is repealed.

ARTICLE 9

METROPOLITAN TRANSIT SERVICE

Section 1. Minnesota Statutes 1990, section 473.375, subdivision 15, is amended to read:

Subd. 15. [PERFORMANCE STANDARDS.] The board may establish performance standards for recipients of financial assistance, except that performance standards for recipients of financial assistance under section 473.388 shall be established after consultation with such recipients.

Sec. 2. Minnesota Statutes 1990, section 473.377, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] The transit board shall prepare, submit to the council, and adopt an implementation plan as provided in section 473.161. The services and systems management component of the board's plan must include a description of the special transportation service provided under section 473.386. The

board shall prepare an implementation plan meeting the requirements of this section and submit the plan to the council by August 1, 1986, and thereafter at a time prescribed by the council. The components of the implementation plan that are applicable to recipients of financial assistance under section 473.388 shall be prepared after consultation with such recipients.

Sec. 3. [STUDIES REQUIRED.]

(a) The metropolitan council, in consultation with the board and after consultation with participants in the opt-out transit service program, must conduct a study of the costs of planning, administering and managing transit services in the metropolitan area, including the costs of coordinating and integrating services provided by different transit operators or authorities. The council, in consultation with the board, must direct its staff to examine whether the percentage of property tax revenues raised in communities participating in the program under Minnesota Statutes, section 473.388, which accrues to the board from the tax it levies under Minnesota Statutes, section 473.446, is adequate to finance those communities' prorated share of these costs. The council, in consultation with the board, must make a recommendation to the legislature on the appropriate percentage of property tax revenues to be used to finance these costs.

(b) The council, in consultation with the board and after consultation with participants in the opt-out transit service program, must conduct a study of the interaction between the funding mechanisms of the program under Minnesota Statutes, section 473.388, and the reductions of levied taxes made pursuant to Minnesota Statutes, section 473.446, subdivision 1. The council, in consultation with the board, must direct its staff to study the interaction of these provisions, including the effect of the interaction on the financing of transit services in the metropolitan area.

(c) The council must report to the legislature on the results of these studies on or before February 15, 1992.

Sec. 4. [APPLICATION.]

Sections 1 to 3 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 transportation; establishing state transportation goals and requiring periodic revisions of the state transportation plan; providing for enforcement of law requiring stops at railroad grade crossings; providing for enhanced public information and education regarding grade crossing safety; direct-

ing a study of rail-highway grade crossings and requiring a report; authorizing the commissioner of transportation to make grants for the improvement of commercial navigation facilities; authorizing local units of government to advance funds for the completion of trunk highway projects; providing for rustic roads and natural preservation routes; requiring a study of toll facilities; creating a transportation services fund and providing for its uses; specifying percentage of unrefunded motor fuel tax revenue that is attributable to use on forest roads; providing for light rail transit; directing a study of highway corridors; extending and reconstituting the transportation study board and directing it to conduct certain studies; providing procedures related to assistance for transit systems; appropriating money; amending Minnesota Statutes 1990, sections 162.02, subdivision 3a; 162.09, subdivision 3a; 168.54, subdivisions 5 and 6; 169.09, subdivision 13; 169.26; 170.23; 171.13, subdivision 1, and by adding a subdivision; 170.23; 171.185; 171.26; 171.36; 173.13, subdivision 4; 173.231; 174.01; 174.03, subdivision 2, and by adding a subdivision; 219.074, by adding a subdivision; 219.402; 221.036, subdivision 14; 222.50, subdivision 7; 296.16, subdivision 1a; 296.421, subdivision 8; 299D.03, subdivision 5; 473.373, subdivision 4a; 473.375, subdivision 15; 473.377, subdivision 1; 473.399; 473.3991, subdivision 1, and by adding a subdivision; 473.3993, subdivisions 2 and 3, and by adding a subdivision; 473.3994; and 473.3996; proposing coding for new law in Minnesota Statutes, chapters 3; 160; 161; 162; 174; 219; and 221; proposing coding for new law as Minnesota Statutes, chapter 457A; repealing Laws 1988, chapter 603, section 6."

With the recommendation that when so amended 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. 781, A bill for an act relating to health; infectious waste control; clarifying that veterinarians are also covered by the act; clarifying requirements for management and generators' plans; creating a medical waste task force; amending Minnesota Statutes 1990, sections 116.77; and 116.79, subdivisions 1 and 3.

Reported the same back with the following amendments:

Page 2, line 11, delete "the generating facility" and insert "all generating facilities except hospitals and laboratories. A management plan from a hospital must list the number of licensed beds and from a laboratory must list the number of generating employees"

Page 3, line 33, after the period insert "Long-term health care facilities, including nursing homes, boarding care facilities, or intermediate care facilities, with less than 25 licensed beds shall have a fee of $60."

Page 4, line 21, delete "$40" and insert "$60"

Page 4, line 23, delete "$20" and insert "$30"

Page 4, line 24, delete "$225" and insert "$350"

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

The report was adopted.

Reding from the Committee on Governmental Operations to which was referred:

H. F. No. 996, A bill for an act relating to utilities; requiring that applicants under the telephone assistance plan be certified by the department of human services for eligibility before receiving benefits; requiring reports; amending Minnesota Statutes 1990, section 237.70, subdivision 7.

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

The report was adopted.

Ogren from the Committee on Taxes to which was referred:

H. F. No. 1002, A bill for an act relating to housing; authorizing the Minnesota housing finance agency to establish a shallow rent subsidy program, a lease-purchase housing program and providing for homestead classification, a blighted property acquisition program, and a housing capital reserve program; changing eligibility requirements and allocation formulas for the community resource program; appropriating money; amending Minnesota Statutes 1990, sections 273.124, subdivision 7; 462A.05, by adding a subdivision; 466A.01, subdivision 2; 466A.02, subdivision 2; and 466A.05, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 462A.

Reported the same back with the following amendments:

Pages 1 and 2, delete section 1

Page 8, line 12, delete "5" and insert "4"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "homestead classification,"

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

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

The report was adopted.

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

H. F. No. 1037, A bill for an act relating to human services; family preservation; clarifying requirements for grants to counties; authorizing grants for family-based crisis services; amending Minnesota Statutes 1990, sections 256F.01; 256F.02; 256F.03, subdivision 5; 256F.04; 256F.05; 256F.06; 256F.07, subdivisions 1, 2, and 3; and 257.3579.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 256F.01, is amended to read:

256F.01 [PUBLIC POLICY.]

~~It is the policy of this~~ The public policy of this state is to assure that all children, regardless of minority racial or ethnic heritage, ~~are entitled to~~ live in families that offer a safe, permanent relationship with nurturing parents or caretakers ~~and have~~. To help assure children the opportunity to establish lifetime relationships~~. To help assure this opportunity~~, public social services must be directed toward ~~accomplishment of the following purposes~~:

(1) preventing the unnecessary separation of children from their families by identifying family problems, assisting families in resolv-

ing their problems, and preventing breakup of the family if ~~the prevention of child removal~~ it is desirable and possible;

(2) restoring to their families children who have been removed, by continuing to provide services to the reunited child and the families;

(3) placing children in suitable adoptive homes, in cases where restoration to the biological family is not possible or appropriate; and

(4) assuring adequate care of children away from their homes, in cases where the child cannot be returned home or cannot be placed for adoption.

Sec. 2. Minnesota Statutes 1990, section 256F.02, is amended to read:

256F.02 [CITATION.]

Sections 256F.01 to 256F.07 may be cited as the "~~permanency planning grants to counties~~ Minnesota family preservation act."

Sec. 3. Minnesota Statutes 1990, section 256F.03, subdivision 5, is amended to read:

Subd. 5. [FAMILY-BASED SERVICES.] "Family-based services" means ~~intensive family-centered services to families primarily in their own home and for a limited time.~~ one or more of the services described in paragraphs (a) to (e) provided to families primarily in their own home for a limited time. Family-based services eligible for funding under the family preservation act are the services described in paragraphs (a) to (e).

(a) [CRISIS SERVICES.] "Crisis services" means professional services provided within 24 hours of referral to alleviate a family crisis and to offer an alternative to placing a child outside the family home. The services are intensive and time limited. The service may offer transition to other appropriate community-based services.

(b) [COUNSELING SERVICES.] "Counseling services" means professional family counseling provided to alleviate individual and family dysfunction; provide an alternative to placing a child outside the family home; or permit a child to return home. The duration, frequency, and intensity of the service is determined in the individual or family service plan.

(c) [LIFE MANAGEMENT SKILLS SERVICES.] "Life management skills services" means paraprofessional services that teach family members skills in such areas as parenting, budgeting, home management, and communication. The goal is to strengthen family

skills as an alternative to placing a child outside the family home or to permit a child to return home. A social worker shall coordinate these services within the family case plan.

(d) [CASE COORDINATION SERVICES.] "Case coordination services" means professional services provided to an individual, family, or caretaker as an alternative to placing a child outside the family home, to permit a child to return home, or to stabilize the long-term or permanent placement of a child. Coordinated services are provided directly, are arranged, or are monitored to meet the needs of a child and family. The duration, frequency, and intensity of services is determined in the individual or family service plan.

(e) [MENTAL HEALTH SERVICES.] "Mental health services" means the professional services defined in section 245.4871, subdivision 31.

Sec. 4. Minnesota Statutes 1990, section 256F.04, is amended to read:

256F.04 [DUTIES OF COMMISSIONER OF HUMAN SERVICES.]

Subdivision 1. [GRANT PROGRAM.] The commissioner shall establish a statewide ~~permanency planning~~ family preservation grant program to assist counties in providing placement prevention and family reunification services.

Subd. 2. [FORMS AND INSTRUCTIONS.] The commissioner shall provide necessary forms and instructions to the counties for their community social services plan, as required in section 256E.09, that incorporate the permanency plan format and information necessary to apply for a ~~permanency planning~~ family preservation grant. ~~For calendar year 1986, the local social services agency shall submit an amendment to their approved biennial community social services plan using the forms and instructions provided by the commissioner. Beginning January 1, 1986, the biennial community social services plan must include the permanency plan.~~

Subd. 3. [MONITORING.] The commissioner shall design and implement methods for monitoring the delivery and evaluating the effectiveness of placement prevention and family reunification services ~~including family-based services within the state according to section 256E.05, subdivision 3, paragraph (c). An evaluation report describing program implementation, client outcomes, cost, and the effectiveness of those services in relation to measurable objectives and performance criteria to keep families unified and minimize the use of out-of-home placements for children must be prepared by the commissioner for the period from January 1, 1986 through June 30, 1988~~. The commissioner shall monitor the provision of family-based

services, conduct evaluations, and prepare and submit biannual reports to the legislature.

Subd. 4. [TRAINING.] The commissioner shall provide training on family-based services.

Sec. 5. Minnesota Statutes 1990, section 256F.05, is amended to read:

256F.05 [DISTRIBUTION OF GRANTS.]

Subd. 2. [MONEY AVAILABLE.] Money appropriated for ~~permanency planning~~ family preservation grants to counties, together with an amount as determined by the commissioner of title IV-B funds distributed to Minnesota according to the Social Security Act, United States Code, title 42, section 621, must be distributed to counties on a calendar year basis according to the formula in subdivision 3.

Subd. 2a. [DISTRIBUTION OF FUNDS.] At least 50 percent of any additional federal revenue resulting from revenue enhancement activities initiated after January 1, 1991, to increase title IV-E revenue to Minnesota counties and Indian child welfare grants, under the Social Security Act, United States Code, title 42, section 674, shall be reimbursed to the counties based on title IV-E earnings for family preservation services under this chapter; for services under section 257.075; or for the Minnesota Indian child welfare grants under section 257.3571.

Subd. 3. [FORMULA.] The amount of money ~~distributed~~ allocated to counties under subdivision 2 must be based on the following two factors:

(1) the population of the county under age 19 years as compared to the state as a whole as determined by the most recent data from the state demographer's office; and

(2) the county's percentage share of the number of minority children in substitute care as determined by the most recent department of human services annual report on children in foster care.

The amount of money allocated according to formula factor (1) must not be less than 90 percent of the total ~~distributed~~ allocated under subdivision 2.

Subd. 4. [PAYMENTS.] The commissioner shall make grant payments to each county whose biennial community social services plan includes a permanency plan under section 256F.04, subdivision 2. The payment must be made in four installments per year. The

commissioner may certify the payments for the first three months of a calendar year. Subsequent payments must be made on ~~April 30~~ May 15, ~~July 30~~ August 15, and ~~October 30~~ November 15, of each calendar year. When an amount of title IV-B funds as determined by the commissioner is made available, it shall be reimbursed to counties on ~~October 30~~ November 15.

Subd. 5. [INAPPROPRIATE EXPENDITURES.] ~~Permanency planning~~ Family preservation grant money must not be used for:

(1) child day care necessary solely because of the employment or training to prepare for employment, of a parent or other relative with whom the child is living;

(2) residential facility payments;

(3) adoption assistance payments;

(4) public assistance payments for aid to families with dependent children, supplemental aid, medical assistance, general assistance, general assistance medical care, or community health services authorized by sections 145A.09 to 145A.13; or

(5) administrative costs for local social services agency public assistance staff.

Subd. 6. [TERMINATION OF GRANT.] A grant may be reduced or terminated by the commissioner when the county agency has failed to comply with the terms of the grant or sections 256F.01 to 256F.07.

Subd. 7. [TRANSFER OF FUNDS.] Notwithstanding subdivision 1, the commissioner may transfer money from the appropriation for ~~permanency planning~~ family preservation grants to counties into the subsidized adoption account when a deficit in the subsidized adoption program occurs. The amount of the transfer must not exceed five percent of the appropriation for ~~permanency planning~~ family preservation grants to counties.

Sec. 6. Minnesota Statutes 1990, section 256F.06, is amended to read:

256F.06 [DUTIES OF COUNTY BOARDS.]

Subdivision 1. [RESPONSIBILITIES.] A county board may, alone or in combination with other county boards, apply for a ~~permanency planning~~ family preservation grant as provided in section 256F.04, subdivision 2. Upon approval of the ~~permanency planning~~ family preservation grant, the county board may contract for or directly provide ~~placement prevention and family reunification services~~ family-based services.

Subd. 2. [USES OF GRANTS.] The grant must be used exclusively ~~for placement prevention, family reunification services and training~~ for family-based ~~service and permanency planning~~ services. The grant may not be used as a match for other federal money or to meet the requirements of section 256E.06, subdivision 5.

Subd. 3. [DESCRIPTION OF FAMILY-BASED SERVICE.] When a county board elects to provide family-based service as a part of its permanency plan, its written description of family-based service must include the number of families to be served in each caseload, the provider of the service, the planned frequency of contacts with the families, and the maximum length of time family-based service will be provided to families.

Subd. 4. [REPORTING.] The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). The reports must include:

(1) a detailed statement of expenses attributable to the grant during the preceding quarter; and

(2) a statement of the expenditure of money for ~~placement prevention and family reunification~~ family-based services by the county during the preceding quarter, including the number of clients served and the expenditures, by client, for each service provided.

Sec. 7. Minnesota Statutes 1990, section 256F.07, subdivision 1, is amended to read:

Subdivision 1. [PREPLACEMENT REVIEW.] Each county board shall establish a preplacement procedure to review each request for substitute care placement and determine if appropriate community resources have been utilized before making a substitute care placement. Emergency placements shall be reviewed to determine services necessary to allow a child to return home. Placements shall be reviewed for compliance with the minority family heritage act, sections 257.071 and 259.244; the Minnesota minority family preservation act, section 260.181, subdivision 3; the Minnesota Indian family preservation act, sections 257.35 to 257.356; and the Indian Child Welfare Act of 1978, United States Code, title 25, part 1901.

Sec. 8. Minnesota Statutes 1990, section 256F.07, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE FOR PLACEMENT.] When the preplacement review has determined that a substitute care placement is required because the child is in imminent risk of abuse or neglect; or requires treatment of an emotional disorder, chemical dependency, or mental retardation; the agency shall determine the level of care

most appropriate to meet the child's needs in the least restrictive setting and in closest proximity to the child's family; and estimate the length of time of the placement, project a placement goal, and provide a statement of the anticipated outcome of the placement.

Placements must be in compliance with the minority family heritage act, sections 257.071 and 259.255; the Minnesota minority family preservation act, section 260.181, subdivision 3; the Minnesota Indian family preservation act, sections 257.35 to 257.356; and the Indian Child Welfare Act of 1978, United States Code, title 25, part 1901.

Sec. 9. Minnesota Statutes 1990, section 256F.07, subdivision 3, is amended to read:

Subd. 3. [TYPES OF SERVICES.] Placement prevention and family reunification services include:

~~(1) family-based service;~~

~~(2) individual and family counseling;~~

~~(3) crisis intervention and crisis counseling;~~

~~(4) day care;~~

~~(5) 24-hour emergency caretaker and homemaker services;~~

~~(6) emergency shelter care up to 30 days in 12 months;~~

~~(7) access to emergency financial assistance;~~

~~(8) arrangements to provide temporary respite care to the family for up to 72 hours consecutively or 30 days in 12 months; and~~

~~(9) transportation services to the child and parents in order to prevent placement or accomplish reunification of the family~~ family-based services as defined in section 256F.03, subdivision 5.

Family-based services must be coordinated with additional services identified and funded in the county social service act plan to provide a comprehensive placement prevention and family reunification services program.

Sec. 10. [GRANTS FOR FAMILY-BASED CRISIS SERVICES.]

Money allocated for the families first program, including Minnesota Statutes, section 256F.08, must be distributed on a calendar year basis by the commissioner of human services to counties to

provide programs for family-based crisis services defined in section 3. The commissioner shall ask counties to present proposals for the funding and shall award grants for the funding on a competitive basis. Beginning January 1, 1993, the state share of the costs of the programs shall be 75 percent and the county share, 25 percent.

Sec. 11. [APPROPRIATIONS.]

$750,000 for fiscal year 1992 and $1,250,000 for fiscal year 1993 is appropriated from the general fund to the commissioner of human services for families first grants under section 10."

Delete the title and insert:

"A bill for an act relating to human services; family preservation; clarifying requirements for grants to counties; authorizing grants for family-based crisis services; appropriating money; amending Minnesota Statutes 1990, sections 256F.01; 256F.02; 256F.03, subdivision 5; 256F.04; 256F.05; 256F.06; and 256F.07, subdivisions 1, 2, and 3."

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

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1226, A bill for an act relating to the city of Mankato; authorizing the city to annex uncontiguous territory to the city.

Reported the same back with the following amendments:

Page 1, line 10, after the period insert "Property abutting the airport shall not be deemed contiguous to the city of Mankato for the purposes of further annexation proceedings under Minnesota Statutes, chapter 414, without the consent of the city, town, and all the affected property owners."

With the recommendation that when so amended 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:

H. F. No. 1246, A bill for an act relating to energy; expanding conservation improvement programs; extending protection against disconnection of residential utility customers during cold weather; improving energy efficiency by prohibiting incandescent lighting in certain exit signs; requiring applicants for certificates of need for large utility facilities to justify the use of nonrenewable rather than renewable energy; establishing energy conservation goals for state buildings; requiring a review of the state building code and energy standards; requiring a report to the legislature; making conforming amendments; prescribing penalties; appropriating money; amending Minnesota Statutes 1990, sections 16B.32; 16B.61, subdivision 3; 216B.16, subdivision 6b; 216B.241; 216B.243, by adding a subdivision; 216C.02, subdivision 1; 299F.011, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 216B and 216C; repealing Minnesota Statutes 1990, section 16B.32, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

CONSERVATION IMPROVEMENT PROGRAMS

Section 1. Minnesota Statutes 1990, section 216B.16, subdivision 6b, is amended to read:

Subd. 6b. [ENERGY CONSERVATION IMPROVEMENTS.] All investments and expenses of a public utility as defined in section 216B.241, subdivision ~~(1),~~ ~~clause (c)~~ 1, paragraph (d), incurred in connection with energy conservation improvements shall be recognized and included by the commission in the determination of just and reasonable rates as if the investments and expenses were directly made or incurred by the utility in furnishing utility service.

Sec. 2. Minnesota Statutes 1990, section 216B.241, is amended to read:

216B.241 [ENERGY CONSERVATION IMPROVEMENTS.]

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

(a) "Commission" means the public utilities commission~~, department of public service~~;.

(b) "Commissioner" means the commissioner of public service.

(c) "Department" means the department of public service~~;~~.

~~(c)~~ (d) "Energy conservation improvement" means the purchase or installation of ~~any~~ a device, method, or material that reduces consumption of or increases ~~the~~ efficiency in the use of electricity or natural gas, including, but not limited to:

(1) insulation and ventilation;

(2) storm or thermal doors or windows;

(3) caulking and weatherstripping;

(4) furnace efficiency modifications;

(5) thermostat or lighting controls;

(6) awnings; or

(7) systems to turn off or vary the delivery of energy. The term "energy conservation improvement" includes ~~any~~ a device or method ~~which~~ that creates, converts, or actively uses energy from renewable sources such as solar, wind, and biomass, ~~providing such~~ provided that the device or method conforms with national or state performance and quality standards whenever applicable.

~~(d)~~ (e) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement including, but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no interest or below market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

~~(e) "Public utility" has the same meaning as given that term in section 216B.02, subdivision 4. For the purposes of this section, "public utility" shall not include cooperative electric associations that become subject to rate regulation after April 16, 1980.~~

Subd. 1a. [INVESTMENTS, EXPENDITURES, AND CONTRIBUTIONS; REGULATED UTILITIES.] (a) For purposes of this subdivision and subdivision 2, "public utility" has the meaning given it in section 216B.02, subdivision 4. By December 31, 1995, each public utility shall spend and invest for energy conservation improvements under this subdivision and subdivision 2 the following amounts:

(1) for a utility that furnishes gas service, .5 percent of its gross operating revenues from service provided in the state; and

(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues from service provided in the state.

(b) To reach the amounts required under this subdivision, each public utility shall compute its spending and investment required above based on its 1991 gross revenues, subtract the amount spent and invested for energy conservation improvements in 1991, and increase spending investment by one-fourth of the difference in each year beginning in 1992 and ending December 31, 1995. After December 31, 1995, each public utility shall compute the required amount for conservation improvement under this subdivision based on the previous year's gross operating revenues.

(c) The commissioner may require investments or spending greater than the amounts required under this subdivision for a public utility whose most recent advance forecast required under section 116C.54 projects a peak demand deficit of 100 megawatts or greater within five years under mid-range forecast assumptions. A public utility may appeal a decision of the commissioner under this paragraph to the commission under subdivision 2. In reviewing a decision of the commissioner under this paragraph, the commission shall rescind the decision if it finds that the required investments or spending will:

(1) not result in cost-effective programs;

(2) have a long-range negative financial effect on one or more classes of customers; or

(3) otherwise not be in the public interest.

(d) Each utility shall determine what portion of the amount it sets aside for conservation improvement will be used for conservation improvements under subdivision 2 and what portion it will contribute to the energy and conservation account established in subdivision 2a. Contributions must be remitted to the commissioner of revenue by February 1 of each year beginning in 1993. Nothing in this subdivision prohibits a public utility from spending or investing

for energy conservation improvement more than required in this subdivision.

Subd. 1b. [CONSERVATION IMPROVEMENT; COOPERATIVES; MUNICIPALITIES.] (a) This subdivision applies to:

(1) a cooperative electric association that generates and transmits electricity to associations that provide electricity at retail including a cooperative electric association not located in this state that serves associations or others in the state;

(2) a municipality that provides electric service to retail customers and that purchases 85 percent or less of its electricity from a public utility governed by subdivision 1a or a cooperative electric association governed by this subdivision; and

(3) a municipality with gross operating revenues in excess of $5,000,000 from sales of natural gas to retail customers.

(b) By December 31, 1995, each cooperative electric association and municipality subject to this subdivision shall spend and invest for energy conservation improvements under this subdivision the following amounts:

(1) for a municipality, .5 percent of its gross operating revenues from the sale of gas and one percent of its gross operating revenues from the sale of electricity; and

(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state.

(c) To reach the amounts required under this subdivision, each municipality or cooperative shall compute its spending and investment required in paragraph (b) based on its 1991 gross revenues, subtract the amount spent and invested for energy conservation improvements in 1991, and increase spending and investment by one-fourth of the difference in each year beginning in 1992 and ending December 31, 1995. After December 31, 1995, each municipality shall compute the amount for conservation improvement under this subdivision based on the previous year's gross operating revenues.

(d) Each municipality and cooperative association subject to this subdivision shall identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association. Load management may be used to meet the requirements of this subdivision if it reduces the demand for or increases the efficiency of electric services. A generation and transmission cooperative electric association may include as spending and investment required under this subdivision conservation im-

provement spending and investment by cooperative electric associations that provide electric service at retail to consumers and that are served by the generation and transmission association. Starting in 1992, by February 1 of each year, each municipality or cooperative shall report to the commissioner its energy conservation improvement spending and investments with a brief analysis of effectiveness in reducing consumption of electricity or gas. The commissioner shall review each report and make recommendations, where appropriate, to the municipality or association to increase the effectiveness of conservation improvement activities.

(e) As part of its spending for conservation improvement, a municipality or association may contribute to the energy and conservation account. Any amount contributed must be remitted to the commissioner of revenue by February 1 of each year beginning in 1992.

Subd. 2. [PROGRAMS.] The ~~department~~ commissioner may by rule require public utilities to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers. The required programs must cover a two-year period. The ~~department~~ commissioner shall require at least one public utility to establish a pilot program to make investments in and expenditures for energy from renewable resources such as solar, wind, or biomass and shall give special consideration and encouragement to programs that bring about significant net savings through the use of energy-efficient lighting. The ~~department~~ commissioner shall evaluate the program on the basis of cost-effectiveness and the reliability of technologies employed. The rules of the department must provide to the extent practicable for a free choice, by consumers participating in the program, of the device, method, or material constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable. The ~~department~~ commissioner may require a utility to make an energy conservation improvement investment or expenditure whenever the ~~department~~ commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. The ~~department~~ commissioner shall nevertheless ensure that every public utility operate one or more programs~~,~~ under periodic review by the department~~, that make significant investments in and expenditures for energy conservation improvements~~. Load management may be used to meet the requirements for energy conservation improvements under this section if it results in a demonstrable reduction in consumption of energy. The ~~department~~ commissioner shall consider and may require a utility

to undertake a program suggested by an outside source, including a political subdivision or a nonprofit or community organization. ~~The department shall ensure that at least half the money spent on residential programs is devoted to programs that directly address the needs of renters and low-income families and individuals unless an insufficient number of appropriate programs are available. For purposes of this section, "low income" means an income less than 185 percent of the federal poverty level. Investments and expenditures made under this subdivision must be treated for ratemaking purposes in the manner prescribed in section 216B.16, subdivision 6b.~~ No utility ~~shall~~ may make an energy conservation improvement ~~pursuant to~~ under this section to a building envelope unless:

(1) it is the primary supplier of energy used for either space heating or cooling in the building ~~or unless~~;

(2) the ~~department~~ commissioner determines that special circumstances, which would unduly restrict the availability of conservation programs, warrant otherwise; or

(3) the utility has been awarded a contract under subdivision 2a.

A utility, a political subdivision, or a nonprofit or community organization that has suggested a program, or the attorney general acting on behalf of consumers and small business interests, may petition the commission to modify or revoke a department decision ~~to require a program~~ under this ~~subdivision~~ section, and the commission may do so if it determines that the program is ~~ineffective, does not adequately address the needs of renters and low-income families and individuals~~ not cost effective, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. The person petitioning for commission review has the burden of proof. The commission shall reject a petition that, on its face, fails to make a reasonable argument that a program is not in the public interest.

Subd. 2a. [ENERGY AND CONSERVATION ACCOUNT.] The commissioner shall deposit money contributed under subdivisions 1a and 1b in the energy and conservation account in the general fund. Money in the account is appropriated to the department for programs designed to meet the energy conservation needs of low-income persons and to make energy conservation improvements in areas not adequately served under subdivision 2. Interest on money in the account accrues to the account. Using information collected under section 216C.02, subdivision 1, paragraph (b), the commissioner shall, to the extent possible, allocate enough money to programs for low-income persons to assure that their needs are being adequately addressed. The commissioner shall request the commissioner of revenue to transfer money from the account to the commissioner of jobs and training for an energy conservation program for low-income persons. In establishing programs, the

commissioner shall consult political subdivisions and nonprofit and community organizations, especially organizations engaged in providing energy and weatherization assistance to low-income persons. At least one program must address the need for energy conservation improvements in areas in which a high percentage of residents use fuel oil or propane to fuel their source of home heating. The commissioner may contract with a political subdivision, a nonprofit or community organization, a public utility, a municipality, or a cooperative electric association to implement its programs.

Subd. 2b. [RECOVERY OF EXPENSES; TAXES.] The commission shall allow a utility to recover expenses resulting from a conservation improvement program required by the department and contributions to the energy and conservation account, unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. In addition, a utility may file annually, or the public utilities commission may require the utility to file, and the commission may approve, rate schedules containing provisions for the automatic adjustment of charges for utility service in direct relation to changes in the expenses of the utility for real and personal property taxes, fees, and permits, the amounts of which the utility cannot control. A public utility is eligible to file for adjustment for real and personal property taxes, fees, and permits under this subdivision only if, in the year previous to the year in which it files for adjustment, it has spent or invested at least two percent of its gross revenues from provision of electric service and one percent of its gross revenues from provision of gas service for that year for energy conservation improvements under section 216B.241.

Subd. 3. [OWNERSHIP OF ENERGY CONSERVATION IMPROVEMENTS.] ~~Any~~ An energy conservation improvement made to or installed in ~~any~~ a building ~~pursuant to~~ in accordance with this section, except systems owned by the utility and designed to turn off, limit, or vary the delivery of energy, ~~shall be~~ are the exclusive property of the owner of the building except ~~insofar as it~~ to the extent that the improvement is subjected to a security interest in favor of the utility in case of a loan to the building owner. The utility ~~shall have~~ has no liability for loss, damage or injury caused directly or indirectly by ~~any~~ an energy conservation improvement except for negligence by the utility in purchase, installation, or modification of the product.

Subd. 4. [FEDERAL LAW PROHIBITIONS.] If investments by public utilities in energy conservation improvements are in any manner prohibited or restricted by federal law and there is a provision under which ~~such~~ the prohibition or restriction may be waived, then the commission, the governor, or any other necessary state agency or officer shall take all necessary and appropriate steps to secure a waiver with respect to those public utility investments in energy conservation improvements included in this section.

Sec. 3. Minnesota Statutes 1990, section 216C.02, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] (a) The commissioner 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 commissioner 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 commissioner'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.

(b) The commissioner shall collect information on conservation and other energy-related programs carried on by other agencies, by public utilities, by cooperative electric associations, by municipal power agencies, by other fuel suppliers, by political subdivisions, and by private organizations. Other agencies, cooperative electric associations, municipal power agencies, and political subdivisions shall cooperate with the commissioner by providing information requested by the commissioner. The commissioner may by rule require the submission of information by other program operators. The commissioner shall make the information available to other agencies and to the public and, as necessary, shall recommend to the legislature changes in the laws governing conservation and other energy-related programs to ensure that:

(1) expenditures on the programs are adequate to meet identified needs;

(2) the needs of low-income energy users are being adequately addressed;

(3) duplication of effort is avoided or eliminated;

(4) a program that is ineffective is improved or eliminated; and

(5) voluntary efforts are encouraged through incentives for their operators.

The commissioner shall appoint an advisory task force to help evaluate the information collected and formulate recommendations to the legislature. The task force must include low-income energy users ~~as defined in section 216B.241, subdivision 2~~.

(c) By January 15 of each year, the commissioner shall report to the legislature on the projected amount of federal money likely to be available to the state during the next fiscal year, including grant money and money received by the state as a result of litigation or settlements of alleged violations of federal petroleum pricing regulations. The report must also estimate the amount of money projected as needed during the next fiscal year to finance a level of conservation and other energy-related programs adequate to meet projected needs, particularly the needs of low-income persons and households, and must recommend the amount of state appropriations needed to cover the difference between the projected availability of federal money and the projected needs.

Sec. 4. [REPORT; "CIP" PROGRAMS FOR STORED FUELS PROVIDERS.]

Not later than February 1, 1992, the commissioner of public service shall report to the energy policy committees of the senate and the house of representatives on proposals to include in conservation improvement programs providers of liquified petroleum gas (LPG or "propane") and fuel oil for residential heating.

Sec. 5. [216C.195] [ENERGY CODE AMENDMENTS; COMMERCIAL BUILDINGS.]

Subdivision 1. [COMMISSIONER TO ADOPT.] Not later than September 1, 1992, the commissioner of public service shall adopt amendments to the energy code portion of the Minnesota building code to implement energy-efficient standards for new commercial buildings.

Subd. 2. [ADOPTION OF ASHRAE/IES 90.1 STANDARD.] The standards adopted under subdivision 1 must require energy efficiency at least as stringent as:

(1) the "minimum performance" standards for opaque building envelopes; and

(2) the January 1, 1992, standards for heating, ventilating and air conditioning, and water heating as proposed in ASHRAE/IES standard 90.1.

Subd. 3. [LIGHTING STANDARDS.] The standards adopted under subdivision 1 must be at least as stringent as lighting standards for new federal buildings (for 1993) in Code of Federal Regulations, title 10, section 435.103.

ARTICLE 2

COLD WEATHER RULE

Section 1. [216B.097] [COLD WEATHER RULE, COOPERATIVE AND MUNICIPAL UTILITIES.]

Subdivision 1. [APPLICATION; NOTICE TO RESIDENTIAL CUSTOMERS.] (a) A municipal utility or a cooperative electric association must not disconnect the utility service of a residential customer if the disconnection affects the primary heat source for the residential unit when the following conditions are met:

(1) the disconnection would occur during the period between October 15 and April 15;

(2) the customer has declared inability to pay on forms provided by the utility;

(3) the household income of the customer is less than 185 percent of the federal poverty level, as documented by the customer to the utility; and

(4) the customer's account is current for the billing period immediately prior to October 15 or the customer has entered into a payment schedule and is reasonably current with payments under the schedule.

(b) A municipal utility or a cooperative electric association must, between August 15 and October 15 of each year, notify all residential customers of the provisions of this section.

Subd. 2. [NOTICE TO RESIDENTIAL CUSTOMER FACING DISCONNECTION.] Before disconnecting service to a residential customer during the period between October 15 and April 15, a municipal utility or cooperative electric association must provide the following information to a customer:

(1) a notice of proposed disconnection;

(2) a statement explaining the customer's rights and responsibilities;

(3) a list of local energy assistance providers;

(4) forms on which to declare inability to pay; and

(5) a statement explaining available time payment plans and other opportunities to secure continued utility service.

Subd. 3. [RESTRICTIONS IF DISCONNECTION NECESSARY.] (a) If a residential customer must be involuntarily disconnected between October 15 and April 15 for failure to comply with the provisions of subdivision 1, the disconnection must not occur on a Friday or on the day before a holiday. Further, the disconnection must not occur until at least 20 days after the notice required in subdivision 2 has been mailed to the customer or 15 days after the notice has been personally delivered to the customer.

(b) If a customer does not respond to a disconnection notice, the customer must not be disconnected until the utility investigates whether the residential unit is actually occupied. If the unit is found to be occupied, the utility must immediately inform the occupant of the provisions of this section. If the unit is unoccupied, the utility must give seven days' written notice of the proposed disconnection to the local energy assistance provider before making a disconnection.

(c) If, prior to disconnection, a customer appeals a notice of involuntary disconnection, as provided by the utility's established appeal procedure, the utility must not disconnect until the appeal is resolved.

ARTICLE 3

ENERGY-EFFICIENT EXIT LIGHTING

Section 1. Minnesota Statutes 1990, section 16B.61, subdivision 3, is amended to read:

Subd. 3. [SPECIAL REQUIREMENTS.] (a) [SPACE FOR COMMUTER VANS.] The code must require that any parking ramp or other parking facility constructed in accordance with the code include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of seven to 16 persons and which are principally used to provide prearranged commuter transportation of employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

(b) [SMOKE DETECTION DEVICES.] The code must require that all dwellings, lodging houses, apartment houses, and hotels as

defined in section 299F.362 comply with the provisions of section 299F.362.

(c) [DOORS IN NURSING HOMES AND HOSPITALS.] The state building code may not require that each door entering a sleeping or patient's room from a corridor in a nursing home or hospital with an approved complete standard automatic fire extinguishing system be constructed or maintained as self-closing or automatically closing.

(d) [CHILD CARE FACILITIES IN CHURCHES.] A licensed day care center serving fewer than 30 preschool age persons and which is located in a below ground space in a church building is exempt from the state building code requirement for a ground level exit when the center has more than two stairways to the ground level and its exit.

(e) [FAMILY AND GROUP FAMILY DAY CARE.] The commissioner of administration shall establish a task force to determine occupancy standards specific and appropriate to family and group family day care homes and to examine hindrances to establishing day care facilities in rural Minnesota. The task force must include representatives from rural and urban building code inspectors, rural and urban fire code inspectors, rural and urban county day care licensing units, rural and urban family and group family day care providers and consumers, child care advocacy groups, and the departments of administration, human services, and public safety.

By January 1, 1989, the commissioner of administration shall report the task force findings and recommendations to the appropriate legislative committees together with proposals for legislative action on the recommendations.

Until the legislature enacts legislation specifying appropriate standards, the definition of Group R-3 occupancies in the state building code applies to family and group family day care homes licensed by the department of human services under Minnesota Rules, chapter 9502.

(f) [MINED UNDERGROUND SPACE.] Nothing in the state building codes shall prevent cities from adopting rules governing the excavation, construction, reconstruction, alteration, and repair of mined underground space pursuant to sections 469.135 to 469.141, or of associated facilities in the space once the space has been created, provided the intent of the building code to establish reasonable safeguards for health, safety, welfare, comfort, and security is maintained.

(g) [ENCLOSED STAIRWAYS.] No provision of the code or any appendix chapter of the code may require stairways of existing multiple dwelling buildings of two stories or less to be enclosed.

(h) [DOUBLE CYLINDER DEAD BOLT LOCKS.] No provision of the code or appendix chapter of the code may prohibit double cylinder dead bolt locks in existing single-family homes, townhouses, and first floor duplexes used exclusively as a residential dwelling. Any recommendation or promotion of double cylinder dead bolt locks must include a warning about their potential fire danger and procedures to minimize the danger.

(i) [RELOCATED RESIDENTIAL BUILDINGS.] A residential building relocated within or into a political subdivision of the state need not comply with the state energy code or section 326.371 provided that, where available, an energy audit is conducted on the relocated building.

(j) [AUTOMATIC GARAGE DOOR OPENING SYSTEMS.] The code must require all residential buildings as defined in section 325F.82 to comply with the provisions of sections 325F.82 and 325F.83.

(k) [EXIT SIGN ILLUMINATION.] The code must prohibit the use of incandescent bulbs in internally illuminated exit signs.

Sec. 2. Minnesota Statutes 1990, section 299F.011, is amended by adding a subdivision to read:

Subd. 4c. [EXIT SIGN ILLUMINATION.] The uniform fire code must prohibit the use of incandescent bulbs in internally illuminated exit signs.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective January 1, 1994, and apply to all internally illuminated exit signs in use on or after that date.

ARTICLE 4

CERTIFICATE OF NEED PROCESS

Section 1. Minnesota Statutes 1990, section 216B.243, is amended by adding a subdivision to read:

Subd. 3a. [USE OF RENEWABLE RESOURCES.] The commission may not issue a certificate of need under this section for a large energy facility that generates electric power by means of a nonrenewable energy source, or that transmits electric power generated by means of a nonrenewable energy source, unless the applicant for the certificate has demonstrated to the commission's satisfaction that the generation of power to meet the identified need by means of a renewable energy source is not efficient, economical, or reliable. For purposes of this subdivision, "renewable energy source" includes

hydro, wind, solar, and geothermal energy and the use of trees or other vegetation as fuel.

ARTICLE 5

ENERGY CONSERVATION: BUILDINGS

Section 1. Minnesota Statutes 1990, section 16B.32, is amended to read:

16B.32 [~~ALTERNATIVE~~ ENERGY ~~SOURCES~~ USE.]

Subdivision 1. [ALTERNATIVE ENERGY SOURCES.] Plans prepared by the commissioner for a new building or for a renovation of 50 percent or more of an existing building or its energy systems must include designs which use active and passive solar energy systems, earth sheltered construction, and other alternative energy sources where feasible.

Subd. 2. [ENERGY CONSERVATION GOALS.] (a) The commissioner shall apply energy conservation measures to buildings owned and wholly leased by the state, including the state university system, and shall improve the design for the construction or rehabilitation of state buildings and the standards for lease renewals so that the average statewide BTU energy consumption for each gross square foot of state-owned and wholly state-leased buildings during the fiscal year beginning July 1, 1994, is at least 25 percent less than the BTU energy consumption and at least 15 percent less than the fuel energy consumption for each gross square foot of state-owned and wholly state-leased buildings in the fiscal year that began July 1, 1985.

(b) The commissioner may exclude from the requirements of paragraph (a) a building in which energy conservation measures are carried out. "Energy conservation measures" means measures that are applied to a state building that improve energy efficiency and have a simple return of investment in five years or within the remaining period of a lease, whichever time is shorter, and involves energy conservation, conservation facilities, renewable energy sources, improvements in operations and maintenance efficiencies, or retrofit activities.

(c) By January 1, 1993, the commissioner shall submit to the legislature a report that includes:

(1) an energy use survey of new or added space state buildings occupy;

(2) a plan for conserving energy without undertaking any physical alterations of the space;

(3) recommendations for physical alterations that would enable the agency to conserve additional energy along with an estimate of the cost of the alterations; and

(4) recommendations for additional legislation needed to achieve the goal along with an estimate of any costs associated with the recommended legislation.

Sec. 2. [BUILDING CODE REVIEW.]

The commissioner of public service, in cooperation with the commissioner of administration, shall review the state building code and the energy conservation standards for public buildings in view of the state's projected long-range energy needs, the effect of conservation programs on those needs, and advances in technology with respect to weatherization and energy efficiency. The commissioner shall report to the energy and public utilities committee of the senate and the energy committee of the house of representatives by January 15, 1992, on the results of the review. The report must include:

(1) any recommendations for changes in the building code and the energy conservation standards to achieve greater conservation of energy;

(2) the direct effect of implementing the changes on the cost of construction and remodeling; and

(3) an estimate of energy savings that would result in the changes, including an estimate of net costs when savings are deducted from any increased construction and remodeling costs.

Sec. 3. [APPROPRIATION.]

$..... is appropriated to the commissioner of administration for purposes of section 1 and is available until January 1, 1993.

Sec. 4. [REPEALER.]

Section 1, subdivision 2, is repealed effective July 1, 1995.

Sec. 5. [EFFECTIVE DATE.]

Section 1 is effective May 1, 1991.

ARTICLE 6

FINANCIAL INCENTIVES

Section 1. Minnesota Statutes 1990, section 216B.16, is amended by adding a subdivision to read:

Subd. 6c. [INCENTIVE PLANS FOR ENERGY CONSERVATION IMPROVEMENTS.] (a) The commission may order public utilities to develop and submit for commission approval incentive plans that describe the method of recovery and accounting for utility conservation expenditures and savings. In developing the incentive plans the commission shall ensure the effective involvement of interested parties.

In approving incentive plans, the commission shall consider:

(1) whether the plan is likely to increase utility investment in cost-effective energy conservation;

(2) whether the plan is compatible with the interest of utility ratepayers and other interested parties;

(3) whether the plan links the incentive to the utility's performance in achieving cost-effective conservation; and

(4) whether the plan is in conflict with other provisions of this chapter.

(b) The commission may set rates to encourage the vigorous and effective implementation of utility conservation programs. The commission may:

(1) increase or decrease any otherwise allowed rate of return on net investment based upon the utility's skill, efforts, and success in conserving energy;

(2) share between ratepayers and utilities the net savings resulting from energy conservation programs to the extent justified by the utility's skill, efforts, and success in conserving energy; and

(3) compensate the utility for earnings lost as a result of its conservation programs.

Sec. 2. Minnesota Statutes 1990, section 216B.243, subdivision 3, is amended to read:

Subd. 3. No proposed large energy facility shall be certified for construction unless the applicant can show that demand for electricity cannot be met more cost effectively through energy conser-

vation and load-management measures and unless the applicant has otherwise justified its need. In assessing need, the commission shall evaluate:

(1) The accuracy of the long-range energy demand forecasts on which the necessity for the facility is based;

(2) The effect of existing or possible energy conservation programs under sections 216C.05 to 216C.30 and this section or other federal or state legislation on long-term energy demand;

(3) The relationship of the proposed facility to overall state energy needs, as described in the most recent state energy policy and conservation report prepared ~~pursuant to~~ under section 216C.18;

(4) Promotional activities ~~which~~ that may have given rise to the demand for this facility;

(5) Socially beneficial uses of the output of this facility, including its uses to protect or enhance environmental quality;

(6) The effects of the facility in inducing future development;

(7) Possible alternatives for satisfying the energy demand including but not limited to potential for increased efficiency of existing energy generation facilities;

(8) The policies, rules, and regulations of other state and federal agencies and local governments; and

(9) Any feasible combination of energy conservation improvements, required ~~by the commission pursuant to~~ under section 216B.241, that can ~~(a)~~ (i) replace part or all of the energy to be provided by the proposed facility, and ~~(b)~~ (ii) compete with it economically."

Delete the title and insert:

"A bill for an act relating to energy; expanding conservation improvement programs; extending protection against disconnection of residential utility customers during cold weather; improving energy efficiency by prohibiting incandescent lighting in certain exit signs; requiring applicants for certificates of need for large utility facilities to justify the use of nonrenewable rather than renewable energy; establishing energy conservation goals for state buildings; requiring a review of the state building code and energy standards; requiring a report to the legislature; authorizing conservation improvement financial incentive plans; making conforming amendments; prescribing penalties; appropriating money; amend-

ing Minnesota Statutes 1990, sections 16B.32; 16B.61, subdivision 3; 216B.16, subdivision 6b, and by adding a subdivision; 216B.241; 216B.243, subdivision 3, and by adding a subdivision; 216C.02, subdivision 1; and 299F.011, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 216B and 216C."

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

The report was adopted.

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

H. F. No. 1263, A bill for an act relating to human services; medical assistance and general assistance medical care; clarifying payment rates for hospitals; clarifying coverage of services and eligibility requirements; clarifying the role of independent actuaries; amending Minnesota Statutes 1990, sections 256.045, subdivision 10; 256.936, by adding a subdivision; 256.9365, subdivisions 1 and 3; 256.9685, subdivision 1; 256.9686, subdivisions 1 and 6; 256.969, subdivisions 1, 2, 2c, 3a, 6a, and by adding a subdivision; 256.9695, subdivisions 1 and 5; 256B.031, subdivision 4; 256B.055, subdivisions 10 and 12; 256B.057, subdivisions 1, 2, 3, 4, and by adding a subdivision; 256B.0575; 256B.0625, subdivisions 4, 9, 12, 13, 17, 24, 25, 28, 30, and by adding subdivisions; 256B.063; 256B.08, by adding a subdivision; 256B.19, by adding a subdivision; 256B.25, subdivision 3; and 256D.03, subdivisions 3 and 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

PAYMENT RATES FOR HOSPITALS

Section 1. Minnesota Statutes 1990, section 256.9685, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The commissioner shall establish procedures for determining medical assistance and general assistance medical care payment rates under a prospective payment system for inpatient hospital services in hospitals that qualify as vendors of medical assistance. The commissioner shall establish, by rule, procedures for implementing this section and sections 256.9686, 256.969, and 256.9695. The medical assistance payment rates must be based on methods and standards that the commis-

sioner finds are adequate to provide for the costs that must be incurred for the care of recipients in efficiently and economically operated hospitals. Services must meet the requirements of section 256B.04, subdivision 15, or 256D.03, subdivision 7, paragraph (b), to be eligible for payment.

Sec. 2. Minnesota Statutes 1990, section 256.9686, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] For purposes of this section and sections ~~256.9685,~~ 256.969, and 256.9695, the following terms and phrases have the meanings given.

Sec. 3. Minnesota Statutes 1990, section 256.9686, subdivision 6, is amended to read:

Subd. 6. [HOSPITAL.] "Hospital" means a facility licensed under sections 144.50 to 144.58 ~~or~~, an out-of-state facility licensed to provide acute care under the requirements of that state in which it is located, or an Indian health service facility designated to provide acute care by the federal government.

Sec. 4. Minnesota Statutes 1990, section 256.969, subdivision 1, is amended to read:

Subdivision 1. [HOSPITAL COST INDEX.] The hospital cost index shall be obtained from an independent source and shall represent a weighted average of historical, as limited to statutory maximums, and projected cost change estimates determined for expense categories to include wages and salaries, employee benefits, medical and professional fees, raw food, utilities, insurance including malpractice insurance, and other applicable expenses as determined by the commissioner. The index shall reflect Minnesota cost category weights. Individual indices shall be specific to Minnesota if the commissioner determines that sufficient accuracy of the hospital cost index is achieved. The hospital cost index shall be used to adjust the base year operating payment rate through the rate year on an annually compounded basis. Notwithstanding section 256.9695, subdivision 3, paragraph (c), the hospital cost index shall not be effective under the general assistance medical care program for admissions occurring during the biennium ending June 30, 1993.

Sec. 5. Minnesota Statutes 1990, section 256.969, subdivision 2, is amended to read:

Subd. 2. [DIAGNOSTIC CATEGORIES.] The commissioner shall use to the extent possible existing diagnostic classification systems, including the system used by the Medicare program to determine the relative values of inpatient services and case mix indices. The commissioner may combine diagnostic classifications into diagnostic

categories and may establish separate categories and numbers of categories based on program eligibility or hospital peer group. Relative values shall be recalculated when the base year is changed ~~and shall not be determined on a hospital specific basis~~. Relative value determinations shall include paid claims for admissions during each hospital's base year. The commissioner may extend the time period forward to obtain sufficiently valid information to establish relative values. Relative value determinations shall not include property cost data, Medicare crossover data, and data ~~from the transferring hospital~~ on admissions that are paid a per day transfer ~~discharges, except data on transfer discharges with a burn diagnostic classification or data on transfer discharges for the patient's convenience that have been reported by the hospital to the commissioner by the October 1 preceding the~~ rate ~~year~~ under subdivision 13. The computation of the base year cost per admission must include identified outlier cases and their weighted costs up to the point that they become outlier cases, but must exclude costs recognized in outlier payments beyond that point. The commissioner may recategorize the diagnostic classifications and recalculate relative values and case mix indices 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.

Sec. 6. Minnesota Statutes 1990, section 256.969, subdivision 2c, is amended to read:

Subd. 2c. [PROPERTY PAYMENT RATES.] For each hospital's first two consecutive fiscal years beginning on or after July 1, 1988, the commissioner shall limit the annual increase in property payment rates for depreciation, rents and leases, and interest expense to the annual growth in the hospital cost index derived from the methodology in effect on the day before July 1, 1989. When computing budgeted and settlement property payment rates, the commissioner shall use the annual increase in the hospital cost index forecasted by Data Resources, Inc., consistent with the quarter of the hospital's fiscal year end. For admissions occurring on or after the rate year beginning January 1, 1991, the commissioner shall obtain property data from an updated base year and establish property payment rates per admission for each hospital. Property payment rates shall be derived from data from the same base year that is used to establish operating payment rates. The property information shall include cost categories not subject to the hospital cost index and shall reflect the cost-finding methods and allowable costs of the Medicare program ~~in effect during the base year~~. The base year property payment ~~rate per admission~~ rates shall be adjusted for ~~positive percentage change differences~~ increases in the ~~net book value of hospital~~ property ~~and equipment~~ cost by increasing the base year property payment rate ~~per admission~~ 85 percent of the percentage change from the base year through the ~~most recent~~ year ~~ending prior to the rate year~~ for which ~~required information is available~~ a

Medicare cost report has been submitted to the Medicare program and filed with the department by the October 1 before the rate year. ~~The percentage change shall be derived from equivalent audited information in both years and shall be adjusted to account for changes in generally accepted accounting principles, reclassification of assets, allocations to nonhospital areas, and fiscal years.~~ The ~~cost, audit, and charge data used to establish~~ property rates shall only reflect inpatient services covered by medical assistance ~~and shall not include operating cost information. To be eligible for the property payment rate per admission adjustment, the hospital must provide the necessary information to the commissioner, in a format specified by the commissioner, by the October 1 preceding the rate year.~~ The commissioner shall adjust rates for the rate year beginning January 1, 1991, to ensure that all hospitals are subject to the hospital cost index limitation for two complete years.

Sec. 7. Minnesota Statutes 1990, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. [PAYMENTS.] Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. To establish interim rates, the commissioner is exempt from the requirements of chapter 14. Medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic classifications. The commissioner may selectively contract with hospitals for services within the diagnostic categories 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 use a hospital under contract with the commissioner, as long as the physician meets credentialing standards of the individual hospital. Individual hospital payments established under this section and sections 256.9685, 256.9686, and 256.9695, in addition to third party and recipient liability, for ~~admissions~~ discharges occurring during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. This payment limitation ~~is not applicable and~~ shall ~~not~~ be calculated ~~to include~~ separately for medical assistance and general assistance medical care services. The limitation on general assistance medical care shall be effective for admissions occurring on or after July 1, 1991. Services that have rates established under subdivision 6a, paragraph (a), clause (5) or (6), must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data

available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates by December 1 of the year preceding the rate year. The rate setting data must reflect the admissions data used to establish relative values. Base year changes from 1981 to the base year established for the rate year beginning January 1, 1991, and for subsequent rate years, shall not be limited to the limits ending June 30, 1987, on the maximum rate of increase under subdivision 1. The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

Sec. 8. Minnesota Statutes 1990, section 256.969, subdivision 6a, is amended to read:

Subd. 6a. [SPECIAL CONSIDERATIONS.] ~~(a)~~ In determining the payment rates, the commissioner shall consider whether the ~~following~~ circumstances in subdivisions 7 to 13 exist:.

~~(1) [MINIMAL MEDICAL ASSISTANCE USE.] Minnesota hospitals with 30 or fewer annualized admissions of Minnesota medical assistance recipients in the base year, excluding Medicare crossover admissions, may have the base year operating rates, as adjusted by the case mix index, and property payment rates established at the 70th percentile of hospitals in the peer group in effect during the base year as established by the Minnesota department of health for use by the rate review program. Rates within a peer group shall be adjusted for differences in fiscal years and outlier percentage payments before establishing the 70th percentile. The operating payment rate portion of the 70th percentile shall be adjusted by the hospital cost index. To have rates established under this paragraph, the hospital must notify the commissioner in writing by November 1 of the year preceding the rate year. This paragraph shall be applied to all payment rates of the affected hospital.~~

~~(2)~~ Subd. 7. [UNUSUAL COST OR LENGTH OF STAY EXPERIENCE.] The commissioner shall establish day and cost outlier thresholds for each diagnostic category established under subdivision 2 at two standard deviations beyond the ~~geometric~~ mean length of stay or allowable cost. Payment for the days and cost beyond the outlier threshold shall be in addition to the operating and property

payment rates per admission established under subdivisions 2, 2b, and 2c. Payment for outliers shall be at 70 percent of the allowable operating cost ~~calculated by dividing the operating payment rate per admission~~, after adjustment by the case mix index, hospital cost index, relative values and the disproportionate population adjustment~~, by the arithmetic mean length of stay for the diagnostic category~~. The outlier threshold for neonatal and burn diagnostic categories shall be established at one standard deviation beyond the ~~geometric~~ mean length of stay or allowable cost, and payment shall be at 90 percent of allowable operating cost calculated in the same manner as other outliers. A hospital may choose an alternative ~~percentage~~ to the 70 percent outlier payment ~~to~~ that is at a minimum of 60 percent and a maximum of 80 percent if the commissioner is notified in writing of the request by October 1 of the year preceding the rate year. The chosen percentage applies to all diagnostic categories except burns and neonates. The percentage of allowable cost that is unrecognized by the outlier payment shall be added back to the base year operating payment rate per admission. Cost outliers shall be calculated using hospital specific allowable cost data. If a stay is both a day and a cost outlier, outlier payments shall be based on the higher outlier payment.

~~(3)~~ Subd. 8. [DISPROPORTIONATE NUMBERS OF LOW-INCOME PATIENTS SERVED.] For admissions occurring on or after July 1, 1989, the medical assistance disproportionate population adjustment shall comply with federal law at fully implemented rates. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. ~~For admissions occurring on or after the rate year beginning January 1, 1991, the disproportionate population adjustment shall be derived from base year Medicare cost report data and may be adjusted by data reflecting actual claims paid by the department.~~

~~(4)~~ Subd. 9. [SEPARATE BILLING BY CERTIFIED REGISTERED NURSE ANESTHETISTS.] Hospitals may exclude certified registered nurse anesthetist costs from the operating payment rate as allowed by section 256B.0625, subdivision 11. To be eligible, a hospital must notify the commissioner in writing by October 1 of the year preceding the rate year of the request to exclude certified registered nurse anesthetist costs. The hospital must agree that all hospital claims for the cost and charges of certified registered nurse anesthetist services will not be included as part of the rates for inpatient services provided during the rate year. In this case, the operating payment rate shall be adjusted to exclude the cost of certified registered nurse anesthetist services. Payments made through separate claims for certified registered nurse anesthetist services shall not be paid directly through the hospital provider number or indirectly by the certified registered nurse anesthetist to the hospital or related organizations.

For admissions occurring on or after July 1, 1991, and until the expiration date of section 256.9695, subdivision 3, services of certified registered nurse anesthetists provided on an inpatient basis may be paid as allowed by section 256B.0625, subdivision 11, when the hospital's base year did not include the cost of these services. To be eligible, a hospital must notify the commissioner in writing by July 1, 1991, of the request and must comply with all other requirements of this subdivision.

~~(5)~~ Subd. 10. [SPECIAL RATES.] The commissioner may establish special rate-setting methodologies, including a per day operating and property payment system, for hospice, ventilator dependent, and other services on a hospital and recipient specific basis taking into consideration such variables as federal designation, program size, and admission from a medical assistance waiver or home care program. The data and rate calculation method shall conform to the requirements of ~~paragraph (7)~~ subdivision 12, except that rates shall not be standardized by the case mix index or adjusted by relative values and hospice rates shall not exceed the amount allowed under federal law ~~and payment shall be secondary to any other medical assistance hospice program~~. Rates and payments established under this ~~paragraph~~ subdivision must meet the requirements of section 256.9685, subdivisions 1 and 2~~, and must not exceed payments that would otherwise be made to a hospital in total for rate year admissions under subdivisions 2, 2b, 2c, 3, 4, 5, and 6~~. The cost and charges used to establish rates shall only reflect inpatient medical assistance covered services. Hospital and claims data that are used to establish rates under this ~~paragraph~~ subdivision shall not be used to establish payments or relative values under subdivisions 2, 2b, 2c, ~~3, 4, 5~~ 3a, 4a, 5a, and ~~6~~ 7 to 13.

~~(6)~~ Subd. 11. [REHABILITATION DISTINCT PARTS.] Units of hospitals that are recognized as rehabilitation distinct parts by the Medicare program shall have separate provider numbers under the medical assistance program for rate establishment and billing purposes only. These units shall also have operating and property payment rates and the disproportionate population adjustment, if allowed by federal law, established separately from other inpatient hospital services~~, based on the methods of subdivisions 2, 2b, 2c, 3, 4, 5, and 6~~. The commissioner may establish separate relative values under subdivision 2 for rehabilitation hospitals and distinct parts as defined by the Medicare program. For individual hospitals that did not have separate medical assistance rehabilitation provider numbers or rehabilitation distinct parts in the base year, hospitals shall provide the information needed to separate rehabilitation distinct part cost and claims data from other inpatient service data.

~~(7)~~ Subd. 12. [NEONATAL TRANSFERS.] For admissions occurring on or after July 1, 1989, neonatal diagnostic category transfers shall have operating and property payment rates established at receiving hospitals which have neonatal intensive care units on a

per day payment system that is based on the cost finding methods and allowable costs of the Medicare program during the base year. Other neonatal diagnostic category transfers shall have rates established according to ~~paragraph (8)~~ subdivision 13. The rate per day for the neonatal service setting within the hospital shall be determined by dividing base year neonatal allowable costs by neonatal patient days. The operating payment rate portion of the rate shall be adjusted by the hospital cost index and the disproportionate population adjustment. For admissions occurring after the transition period specified in section 256.9695, subdivision 3, the operating payment rate portion of the rate shall be standardized by the case mix index and adjusted by relative values. The cost and charges used to establish rates shall only reflect inpatient services covered by medical assistance. Hospital and claims data used to establish rates under this ~~paragraph~~ subdivision shall not be used to establish ~~payments or relative values~~ rates under subdivisions 2, 2b, 2c, ~~3, 4, 5~~ 3a, 4a, 5a, and ~~6~~ 7 to 13.

~~(8)~~ Subd. 13. [TRANSFERS.] Except as provided in ~~paragraphs (5)~~ subdivisions 10 and ~~(7)~~ 12, operating and property payment rates for admissions that result in transfers and transfers shall be established on a per day payment system. The per day payment rate shall be the sum of the adjusted operating and property payment rates determined ~~in~~ under this subdivision and subdivisions 2, 2b ~~and~~, 2c, 3a, 4a, 5a, and 7 to 12, divided by the arithmetic mean length of stay for the diagnostic category. Each admission that results in a transfer and each transfer is considered a separate admission to each hospital, and the total of the admission and transfer payments to each hospital must not exceed the total per admission payment that would otherwise be made to each hospital under ~~paragraph (2) and~~ this subdivision and subdivisions 2, 2b ~~and~~, 2c, 3a, 4a, 5a, and 7 to 12.

~~(b)~~ Subd. 14. [ROUTINE SERVICE COST LIMITATION; APPLICABILITY.] The computation of each hospital's payment rate and the relative values of the diagnostic categories are not subject to the routine service cost limitation imposed under the Medicare program.

~~(c)~~ Subd. 15. [INDIAN HEALTH SERVICE FACILITIES.] Indian health service facilities are exempt from the rate establishment methods required by this section and shall be reimbursed at ~~the facility's usual and customary~~ charges ~~to the general public~~ as limited to the amount allowed under federal law. This exemption is not effective for payments under general assistance medical care.

~~(d)~~ Subd. 16. [OUT-OF-STATE HOSPITALS IN LOCAL TRADE AREAS.] ~~Except as provided in paragraph (a), clauses (1) and (3),~~ Out-of-state hospitals that are located within a Minnesota local trade area shall have rates established using the same procedures and methods that apply to Minnesota hospitals. For this subdivision

and subdivision 17, local trade area means a county contiguous to Minnesota. Hospitals that are not required by law to file information in a format necessary to establish rates shall have rates established based on the commissioner's estimates of the information. Relative values of the diagnostic categories shall not be redetermined under this ~~paragraph~~ subdivision until required by rule. Hospitals affected by this ~~paragraph~~ subdivision shall then be included in determining relative values. However, hospitals that have rates established based upon the commissioner's estimates of information shall not be included in determining relative values. This ~~paragraph~~ subdivision is effective for hospital fiscal years beginning on or after July 1, 1988. A hospital shall provide the information necessary to establish rates under this ~~paragraph~~ subdivision at least 90 days before the start of the hospital's fiscal year.

~~(e)~~ Subd. 17. [OUT-OF-STATE HOSPITALS OUTSIDE LOCAL TRADE AREAS.] Hospitals that are not located within Minnesota or a Minnesota local trade area shall have operating and property rates established at the average of statewide and local trade area rates or, at the commissioner's discretion, at an amount negotiated by the commissioner. Relative values shall not include data from hospitals that have rates established under this ~~paragraph~~ subdivision. Payments, including third party and recipient liability, established under this ~~paragraph~~ subdivision may not exceed the charges on a claim specific basis for inpatient services that are covered by medical assistance.

~~(f)~~ Subd. 18. [METABOLIC DISORDER TESTING OF MEDICAL ASSISTANCE RECIPIENTS.] Medical assistance inpatient payment rates must include the cost incurred by hospitals to pay the department of health for metabolic disorder testing of newborns who are medical assistance recipients, if the cost is not recognized by another payment source.

~~(g)~~ Subd. 19. [INCREASES IN MEDICAL ASSISTANCE INPATIENT PAYMENTS; CONDITIONS.] (a) Medical assistance inpatient payments shall increase 20 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occurred between July 1, 1988, and December 31, 1990, if: (i) the hospital had 100 or fewer Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For this paragraph, medical assistance does not include general assistance medical care.

~~(h)~~ (b) Medical assistance inpatient payments shall increase 15 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occurred between July 1, 1988, and

December 31, 1990, if: (i) the hospital had more than 100 but fewer than 250 Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For this paragraph, medical assistance does not include general assistance medical care.

~~(i)~~ Subd. 20. [MENTAL HEALTH OR CHEMICAL DEPENDENCY ADMISSIONS; RATES.] Admissions occurring on or after July 1, 1990, that are classified to a diagnostic category of mental health or chemical dependency shall have rates established according to the methods of ~~paragraph (a), clause (8)~~ subdivision 13, except the per day rate shall be multiplied by a factor of 2, provided that the total of the per day rates shall not exceed the per admission rate. This methodology shall also apply when a hold or commitment is ordered by the court for the days that inpatient hospital services are medically necessary. Stays which are medically necessary for inpatient hospital services and covered by medical assistance shall not be billable to any other governmental entity. Medical necessity shall be determined under criteria established to meet the requirements of section 256B.04, subdivision 15, or 256D.03, subdivision 7, paragraph (b).

Sec. 9. Minnesota Statutes 1990, section 256.9695, subdivision 1, is amended to read:

Subdivision 1. [APPEALS.] A hospital may appeal a decision arising from the application of standards or methods under section 256.9685, 256.9686, or 256.969, if an appeal would result in a change to the hospital's payment rate or payments. Both overpayments and underpayments that result from the submission of appeals shall be implemented. Regardless of any appeal outcome, relative values shall not be recalculated. The appeal shall be heard by an administrative law judge according to sections ~~14.48~~ 14.57 to ~~14.56~~ 14.62, or upon agreement by both parties, according to a modified appeals procedure established by the commissioner and the office of administrative hearings. In any proceeding under this section, the appealing party must demonstrate by a preponderance of the evidence that the commissioner's determination is incorrect or not according to law.

(a) To appeal a payment rate or payment determination or a determination made from base year information, the hospital shall file a written appeal request to the commissioner within 60 days of the date the payment rate determination was mailed. The appeal request shall specify: (i) the disputed items; (ii) the authority in federal or state statute or rule upon which the hospital relies for each disputed item; and (iii) the name and address of the person to contact regarding the appeal. ~~A change to a payment rate or~~

~~payments that results from a successful appeal to the Medicare program of the base year information establishing rates for the rate year beginning in 1991 and after is a prospective adjustment to subsequent rate years.~~ After December 31, 1990, payment rates shall not be adjusted for appeals of base year information that affect years prior to the rate year beginning January 1, 1991. Facts to be considered in any appeal of base year information are limited to those in existence at the time the payment rates of the first rate year were established from the base year information. In the case of Medicare settled appeals, the 60-day appeal period shall begin on the mailing date of the notice by the Medicare program or the date the medical assistance payment rate determination notice is mailed, whichever is later.

(b) To appeal a payment rate or payment change that results from a difference in case mix between the base year and a rate year, the procedures and requirements of paragraph (a) apply. However, the appeal must be filed with the commissioner within 120 days after the end of a rate year. A case mix appeal must apply to the cost of services to all medical assistance patients that received inpatient services from the hospital during the rate year appealed.

Sec. 10. Minnesota Statutes 1990, section 256.9695, subdivision 5, is amended to read:

Subd. 5. [RULES.] The commissioner of human services shall adopt permanent rules to implement this section and sections 256.9685, 256.9686, and 256.969 under chapter 14, the administrative procedure act. The criteria and establishment of the peer groups at section 256.969, subdivision 21, is not subject to the requirements of chapter 14, the administrative procedures act, for the 1992 rate year.

Sec. 11. [INSTRUCTION TO REVISOR.]

In each section of Minnesota Statutes referred to in column A, the revisor of statutes shall delete the reference in column B and insert the reference in column C. The revisor shall also correct any cross-references to Minnesota Statutes, section 256.969, subdivision 6a, that appear in Minnesota Rules.

Column A	Column B	Column C
256.969, subd. 3a	256.969, subd. 6a, paragraph (a), clause (5) or (6)	256.969, subds. 10 and 11
256.9695, subd. 3	256.969, subd. 6a, paragraph (a), clause (3)	256.969, subd. 8

256.9695, subd. 3, paragraph (a)	256.969, subd. 6a, paragraph (a), clauses (1), (2), (4), (5), (6), and (8)	256.969, subds. 7, 9, 10, 11, and 13
256.9695, subd. 3, paragraph (a)	256.969, subd. 6a, paragraph (a), clause (7), and paragraph (i)	256.969, subds. 12 and 20
256.9695, subd. 3, paragraph (c)	256.969, subd. 6a, paragraphs (g) and (h)	256.969, subd. 19, paragraphs (a) and (b)

ARTICLE 2

HEALTH CARE

Section 1. Minnesota Statutes 1990, section 256.045, subdivision 10, is amended to read:

Subd. 10. [PAYMENTS PENDING APPEAL.] If the commissioner of human services or district court orders monthly assistance or aid or services paid or provided in any proceeding under this section, it shall be paid or provided pending appeal to the commissioner of human services, district court, court of appeals, or supreme court. The human services referee may order the local human services agency to reduce or terminate medical assistance or general assistance medical care to a recipient before a final order is issued under this section if: (1) the human services referee determines at the hearing that the sole issue on appeal is one of a change in state or federal law; and (2) the commissioner or the local agency notifies the recipient before the action. The state or county agency has a claim for food stamps ~~and~~, cash payments, medical assistance, and general assistance medical care made to or on behalf of a recipient or former recipient while an appeal is pending if the recipient or former recipient is determined ineligible for the food stamps ~~and~~, cash payments, medical assistance, or general assistance medical care as a result of the appeal, except for medical assistance and general assistance medical care made on behalf of a recipient pursuant to a court order.

Sec. 2. Minnesota Statutes 1990, section 256.936, is amended by adding a subdivision to read:

Subd. 5. [APPEALS.] If the commissioner suspends, reduces, or terminates eligibility for the children's health plan, or services provided under the children's health plan, the commissioner must

provide notification according to the laws and rules governing the medical assistance program. A children's health plan applicant or enrollee aggrieved by a determination of the commissioner has the right to appeal the determination according to section 256.045.

Sec. 3. Minnesota Statutes 1990, section 256.9365, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHED.] The commissioner of human services shall establish a program to pay private health plan premiums for persons who have contracted human immunodeficiency virus (HIV) to enable them to continue coverage under a group or individual health plan. If a person is determined to be eligible under subdivision 2, the commissioner shall: (1) pay the eligible person's group plan ~~continuation coverage~~ premium for ~~18 months after termination of employment, or~~ the period of continuation coverage provided in the Consolidated Omnibus Budget Reconciliation Act of 1985; or (2) pay the eligible person's individual plan premium for 24 months ~~after initial application~~.

Sec. 4. Minnesota Statutes 1990, section 256.9365, subdivision 3, is amended to read:

Subd. 3. [RULES.] The commissioner shall establish rules as necessary to implement the program. Special requirements for the payment of individual plan premiums under subdivision 2, clause (5), must be designed to ensure that the state cost of paying an individual plan premium over a two-year period does not exceed the estimated state cost that would otherwise be incurred in the medical assistance or general assistance medical care program.

Sec. 5. Minnesota Statutes 1990, section 256B.031, subdivision 4, is amended to read:

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 90 percent of the projected average 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~~ consult with an independent actuary ~~to establish~~ in establishing prepayment rates, but shall retain final control over the rate methodology. Rates established for prepaid health plans must be based on the services that the prepaid health plan provides under contract with the commissioner.

Sec. 6. Minnesota Statutes 1990, section 256B.031, is amended by adding a subdivision to read:

Subd. 11. [LIMITATION ON REIMBURSEMENT TO PROVIDERS NOT AFFILIATED WITH A PREPAID HEALTH PLAN.] A prepaid health plan may limit any reimbursement it may be required to pay to providers not employed by or under contract with the prepaid health plan to the medical assistance rates paid by the commissioner of human services to providers for services to recipients not enrolled in a prepaid health plan.

Sec. 7. Minnesota Statutes 1990, section 256B.055, subdivision 10, is amended to read:

Subd. 10. [INFANTS.] Medical assistance may be paid for an infant less than one year of age ~~born on or after October 1, 1984~~, whose mother was eligible for and receiving medical assistance at the time of birth and who remains in the mother's household or who is in a family with countable income that is equal to or less than the income standard established under section 256B.057, subdivision 1. ~~Eligibility under this subdivision is concurrent with the mother's and does not depend on the father's income except as the income affects the mother's eligibility.~~

Sec. 8. Minnesota Statutes 1990, section 256B.055, subdivision 12, is amended to read:

Subd. 12. [DISABLED CHILDREN.] (a) A person is eligible for medical assistance if the person is under age 19 and qualifies as a disabled individual under United States Code, title 42, section 1382c(a), and would be eligible for medical assistance under the state plan if residing in a medical institution, and who requires a level of care provided in a hospital, skilled nursing facility, intermediate care facility, or intermediate care facility for persons with mental retardation or related conditions, for whom home care is appropriate, provided that the cost to medical assistance for home care services is not more than the amount that medical assistance would pay for appropriate institutional care.

(b) For purposes of this subdivision, "hospital" means an acute care institution as defined in section 144.696, subdivision 3, licensed pursuant to sections 144.50 to 144.58, which is appropriate if a person is technology dependent or has a chronic health condition

which requires frequent intervention by a health care professional to avoid death.

(c) For purposes of this subdivision, "skilled nursing facility" and "intermediate care facility" means a facility which provides nursing care as defined in section 144A.01, subdivision 5, licensed pursuant to sections 144A.02 to 144A.10, which is appropriate if a person is in active restorative treatment; is in need of special treatments provided or supervised by a licensed nurse; or has unpredictable episodes of active disease processes requiring immediate judgment by a licensed nurse.

(d) For purposes of this subdivision, "intermediate care facility for the mentally retarded" or "ICF/MR" means a program licensed to provide services to persons with mental retardation under section 252.28, and chapter 245A, and a physical plant licensed as a supervised living facility under chapter 144, which together are certified by the Minnesota department of health as meeting the standards in Code of Federal Regulations, title 42, part 483, for an intermediate care facility which provides services for persons with mental retardation or persons with related conditions who require 24-hour supervision and active treatment for medical, behavioral, or habilitation needs.

(e) For purposes of this subdivision, a person "requires a level of care provided in a hospital, skilled nursing facility, intermediate care facility, or intermediate care facility for persons with mental retardation or related conditions" if the person requires 24-hour supervision because the person exhibits suicidal or homicidal ideation or behavior, psychosomatic disorders or somatopsychic disorders that may become life threatening, severe socially unacceptable behavior associated with psychiatric disorder, psychosis or severe developmental problems requiring continuous skilled observation, or disabling symptoms that do not respond to office-centered outpatient treatment. The determination of the level of care needed by the child shall be made by the commissioner based on information supplied to the commissioner by the case manager if the child has one, the parent or guardian, the child's physician or physicians or, if available, the screening information obtained under section 256B.092.

Sec. 9. Minnesota Statutes 1990, section 256B.057, subdivision 1, is amended to read:

Subdivision 1. [PREGNANT WOMEN AND INFANTS.] An infant less than one year of age or a pregnant woman who has written verification of a positive pregnancy test from a physician or licensed registered nurse, is eligible for medical assistance if countable family income is equal to or less than 185 percent of the federal poverty guideline for the same family size. Eligibility for a pregnant woman or infant less than one year of age under this subdivision

must be determined without regard to asset standards established in section 256B.056, subdivision 3. ~~Adjustments in the income limits due to annual changes in the federal poverty guidelines shall be implemented the first day of July following publication of the changes.~~ An infant born on or after January 1, 1991, to a woman who was eligible for and receiving medical assistance on the date of the child's birth shall continue to be eligible for medical assistance without redetermination until the child's first birthday, as long as the child remains in the woman's household.

Sec. 10. Minnesota Statutes 1990, section 256B.057, subdivision 2, is amended to read:

Subd. 2. [CHILDREN.] A child one through five years of age in a family whose countable income is less than 133 percent of the federal poverty guidelines for the same family size, is eligible for medical assistance. A child six through ~~seven~~ 18 years of age, who was born after September 30, 1983, in a family whose countable income is less than 100 percent of the federal poverty guidelines for the same family size is eligible for medical assistance. Eligibility for children under this subdivision must be determined without regard to asset standards established in section 256B.056, subdivision 3. ~~Adjustments in the income limits due to annual changes in the federal poverty guidelines shall be implemented the first day of July following publication of the changes.~~

Sec. 11. Minnesota Statutes 1990, section 256B.057, subdivision 3, is amended to read:

Subd. 3. [QUALIFIED MEDICARE BENEFICIARIES.] A person who is entitled to Part A Medicare benefits, whose income is equal to or less than 85 percent of the federal poverty guidelines, and whose assets are no more than twice the asset limit used to determine eligibility for the supplemental security income program, is eligible for medical assistance reimbursement of Part A and Part B premiums, Part A and Part B coinsurance and deductibles, and cost-effective premiums for enrollment with a health maintenance organization or a competitive medical plan under section 1876 of the Social Security Act. The income limit shall be increased to 90 percent of the federal poverty guidelines on January 1, 1990; and to ~~95~~ 100 percent on January 1, 1991; ~~and to 100 percent on January 1, 1992~~. Reimbursement of the Medicare coinsurance and deductibles, when added to the amount paid by Medicare, must not exceed the total rate the provider would have received for the same service or services if the person were a medical assistance recipient with Medicare coverage. ~~Adjustments in the income limits due to annual changes in the federal poverty guidelines shall be implemented the first day of July following publication of the changes.~~ Increases in benefits under Title II of the Social Security Act shall not be counted as income for purposes of this subdivision until the first day of the

second full month following publication of the change in the federal poverty guidelines.

Sec. 12. Minnesota Statutes 1990, section 256B.057, subdivision 4, is amended to read:

Subd. 4. [QUALIFIED WORKING DISABLED ADULTS.] A person who is entitled to Medicare Part A benefits under section 1818A of the Social Security Act; whose income does not exceed 200 percent of the federal poverty guidelines for the applicable family size; whose nonexempt assets do not exceed twice the maximum amount allowable under the supplemental security income program, according to family size; and who is not otherwise eligible for medical assistance, is eligible for medical assistance reimbursement of the Medicare Part A premium. ~~Adjustments in the income limits due to annual changes in the federal poverty guidelines shall be implemented the first day of July following publication of the changes.~~

Sec. 13. Minnesota Statutes 1990, section 256B.057, is amended by adding a subdivision to read:

Subd. 6. [DISABLED WIDOWS AND WIDOWERS.] A person who is at least 50 years old who is entitled to disabled widow's or widower's benefits under United States Code, title 42, section 402(e) or (f), who is not entitled to Medicare Part A, and who received supplemental security income or Minnesota supplemental aid in the month before the month the widow's or widower's benefits began, is eligible for medical assistance as long as the person would be entitled to supplemental security income or Minnesota supplemental aid in the absence of the widow's or widower's benefits.

Sec. 14. Minnesota Statutes 1990, section 256B.0575, is amended to read:

256B.0575 [AVAILABILITY OF INCOME FOR INSTITUTIONALIZED PERSONS.]

When an institutionalized person is determined eligible for medical assistance, the income that exceeds the deductions in paragraphs (a) and (b) must be applied to the cost of institutional care.

(a) The following amounts must be deducted from the institutionalized person's income in the following order:

(1) the personal needs allowance under section 256B.35 or, for a veteran who does not have a spouse or child, the amount of his or her veteran's pension not exceeding $90 per month;

(2) the personal allowance for disabled individuals under section 256B.36;

(3) if the institutionalized person has a legally-appointed guardian or conservator, five percent of the recipient's gross monthly income up to $100 as reimbursement for guardianship or conservatorship services;

(4) a monthly income allowance determined under section 256B.058, subdivision 2, but only to the extent income of the institutionalized spouse is made available to the community spouse;

(5) a monthly allowance for children under age 18 which, together with the net income of the children, would provide income equal to the medical assistance standard for families and children according to section 256B.056, subdivision 4, for a family size that includes only the minor children. This deduction applies only if the children do not live with the community spouse and only if the children resided with the institutionalized person immediately prior to admission;

(6) a monthly family allowance for other family members, equal to one-third of the difference between 122 percent of the federal poverty guidelines and the monthly income for that family member; ~~and~~

(7) reparations payments made by the Federal Republic of Germany; and

(8) amounts for reasonable expenses incurred for necessary medical or remedial care for the institutionalized spouse that are not medical assistance covered expenses and that are not subject to payment by a third party.

For purposes of clause (6), "other family member" means a person who resides with the community spouse and who is a minor or dependent child, dependent parent, or dependent sibling of either spouse. "Dependent" means a person who could be claimed as a dependent for federal income tax purposes under the Internal Revenue Code.

(b) Income shall be allocated to an institutionalized person 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:

(1) a physician certifies that the person is expected to reside in the long-term care facility for three calendar months or less;

(2) if the person has expenses of maintaining a residence in the community; and

(3) if one of the following circumstances apply:

(i) the person was not living together with a spouse or a family

member as defined in paragraph (a) when the person entered a long-term care facility; or

(ii) the person and the person's spouse become institutionalized on the same date, in which case the allocation shall be applied to the income of one of the spouses.

For purposes of this paragraph, a person is determined to be residing in a licensed nursing home, regional treatment center, or medical institution if the person is expected to remain for a period of one full calendar month or more.

Sec. 15. Minnesota Statutes 1990, section 256B.0625, subdivision 4, is amended to read:

Subd. 4. [OUTPATIENT AND PHYSICIAN-DIRECTED CLINIC SERVICES.] Medical assistance covers outpatient hospital or physician-directed clinic services. The physician-directed clinic staff shall include at least two physicians and all services shall be provided under the direct supervision of a physician. 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 14.001 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.

Sec. 16. Minnesota Statutes 1990, section 256B.0625, is amended by adding a subdivision to read:

Subd. 4a. [SECOND MEDICAL OPINION FOR SURGERY.] Certain surgeries require a second medical opinion to confirm the

necessity of the procedure, in order for reimbursement to be made. The commissioner shall publish in the State Register a list of surgeries that require a second medical opinion and the criteria and standards for deciding whether a surgery should require a second medical 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 about whether a second medical opinion is required, made according to rules governing that decision, is not subject to administrative appeal.

Sec. 17. *Minnesota Statutes 1990*, section 256B.0625, subdivision 9, is amended to read:

Subd. 9. [DENTAL SERVICES.] Medical assistance covers dental services for children under age 18, and dental services not to exceed $150 annually for adults. Dental services include, with prior authorization, fixed cast metal restorations that are cost-effective for persons who cannot use removable dentures because of their medical condition.

Sec. 18. Minnesota Statutes 1990, section 256B.0625, subdivision 12, is amended to read:

Subd. 12. [EYEGLASSES, DENTURES, AND PROSTHETIC DEVICES.] Medical assistance covers eyeglasses, dentures, and prosthetic devices if prescribed by a licensed practitioner. Coverage for eyeglasses is limited to one pair a year for children under age 18 and one pair every two years for adults. The commissioner shall negotiate with volume purchase suppliers to make eyeglasses available at the contract price for recipients who require additional eyeglasses during the one- or two-year period.

Sec. 19. Minnesota Statutes 1990, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, or by a physician enrolled in the medical assistance program as a dispensing physician. The commissioner shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is 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. The formulary committee shall review and recommend drugs which require prior authorization. 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, products for the treatment of lice, and vitamins for children under the age of seven and pregnant or nursing women; ~~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.

(b) 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 multisource 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 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 legend drug 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. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. 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 - brand medically necessary" on the prescription as required by section 151.21, subdivision 2. Implementation of any change in the fixed dispensing fee that has not been subject to the administrative procedure act is limited to not more than 180 days, unless, during that time, the commissioner initiates rulemaking through the administrative procedure act.

Sec. 20. Minnesota Statutes 1990, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. [TRANSPORTATION COSTS.] (a) Medical assistance covers 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 subdivision, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory.

(b) Medical assistance covers special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, item F, if the provider receives and maintains a current physician's order by the recipient's attending physician. The commissioner shall establish maximum medical assistance reimbursement rates for special transportation services for persons who need a wheelchair lift van or stretcher-equipped vehicle and for those who do not need a wheelchair lift van or stretcher-equipped vehicle. The average of these two rates must not exceed $12.50 for the base rate and 60 cents per mile. Special transportation provided to nonambulatory persons who do not need a wheelchair lift van or stretcher-equipped vehicle, may be reim-

bursed at a lower rate than special transportation provided to persons who need a wheelchair lift van or stretcher-equipped vehicle.

Sec. 21. Minnesota Statutes 1990, section 256B.0625, subdivision 24, is amended to read:

Subd. 24. [OTHER MEDICAL OR REMEDIAL CARE.] Medical assistance covers any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law, except chiropractic services in excess of 18 visits per year, and 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~~ chapter 254B. 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~~ chapter 254B. 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.

Sec. 22. Minnesota Statutes 1990, section 256B.0625, subdivision 25, is amended to read:

Subd. 25. [~~SECOND OPINION OR~~ PRIOR AUTHORIZATION REQUIRED.] 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 14.001 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. 23. Minnesota Statutes 1990, section 256B.0625, subdivision 28, is amended to read:

Subd. 28. [CERTIFIED ~~PEDIATRIC OR FAMILY~~ NURSE PRACTITIONER SERVICES.] Medical assistance covers services performed by a certified pediatric nurse practitioner ~~or~~, a certified family nurse practitioner, a certified adult nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if the services are otherwise covered under this chapter as a physician service, and if the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171.

Sec. 24. Minnesota Statutes 1990, section 256B.0625, subdivision 30, is amended to read:

Subd. 30. [OTHER CLINIC SERVICES.] (a) Medical assistance covers rural health clinic services, federally qualified health center services, ~~and~~ nonprofit community health clinic services, public health clinic services, and the services of a clinic meeting the criteria established in rule by the commissioner. Rural health clinic services and federally qualified health center services mean services defined in United States Code, title 42, section 1396d(a)(2)(B) and (C). Payment for rural health clinic and federally qualified health center services shall be made according to applicable federal law and regulation.

(b) A federally qualified health center that is beginning initial operation shall submit an estimate of budgeted costs and visits for the initial reporting period in the form and detail required by the commissioner. A federally qualified health center that is already in operation shall submit an initial report using actual costs and visits for the initial reporting period. Within 90 days of the end of its reporting period, a federally qualified health center shall submit, in the form and detail required by the commissioner, a report of its operations, including allowable costs actually incurred for the period and the actual number of visits for services furnished during the period, and other information required by the commissioner. Federally qualified health centers that file Medicare cost reports shall provide the commissioner with a copy of the most recent Medicare cost report filed with the Medicare program intermediary for the reporting year which support the costs claimed on their cost report to the state.

Sec. 25. Minnesota Statutes 1990, section 256B.063, is amended to read:

256B.063 [COST SHARING.]

Subdivision 1. [FEES.] Notwithstanding the provisions of section 256B.05, subdivision 2, the commissioner is authorized to promulgate rules pursuant to the administrative procedure act, and to require a nominal enrollment fee, premium, or similar charge for recipients of medical assistance, if and to the extent required by applicable federal regulation.

Subd. 2. [COPAYMENTS.] The commissioner shall require a nominal copayment in the amount of the maximum allowed under Code of Federal Regulations, title 42, section 447.54 for nonemergency services provided in an emergency room. If the United States Department of Health and Human Services grants a waiver under Code of Federal Regulations, title 42, section 431.55, subsection (g), the commissioner may charge the maximum allowable copayment under that section.

Subd. 3. [EXCEPTIONS.] The commissioner may not charge a copayment for services provided to: children under 18 years of age; pregnant women through 60 days postpartum; persons residing in nursing facilities, intermediate care facilities for the mentally retarded, and medical institutions; individuals who are receiving hospice care; and individuals who are enrolled in health maintenance organizations.

Subd. 4. [COLLECTION.] The commissioner shall reduce medical assistance reimbursement to the provider in the amount of the copayment. The provider may collect the copayment from the recipient, but may not deny medical assistance services to a recipient who is unable to pay the copayment.

Sec. 26. Minnesota Statutes 1990, section 256B.08, is amended by adding a subdivision to read:

Subd. 3. [OUTREACH LOCATIONS.] The local agency must establish locations, other than those used to process applications for cash assistance, to receive and perform initial processing of applications for pregnant women and children who want medical assistance only. At a minimum, these locations must be in federally qualified health centers and in hospitals that receive disproportionate share adjustments under section 256.969, subdivision 8, except that hospitals located outside of this state that receive the disproportionate share adjustment are not included. Initial processing of the application need not include a final determination of eligibility. Local agencies shall designate a person or persons within the agency who will receive the applications taken at an outreach location and the local agency will be responsible for timely determination of eligibility.

Sec. 27. Minnesota Statutes 1990, section 256B.19, is amended by adding a subdivision to read:

Subd. 2c. [OBLIGATION OF LOCAL AGENCY TO INVESTIGATE AND DETERMINE ELIGIBILITY FOR MEDICAL ASSISTANCE.] (a) When the commissioner receives information that indicates that a general assistance medical care recipient or children's health plan enrollee may be eligible for medical assistance, the commissioner may notify the appropriate local agency of that fact. The local agency must investigate eligibility for medical assistance and take appropriate action and notify the commissioner of that action within 90 days from the date notice is issued. If the person is eligible for medical assistance, the local agency must find eligibility retroactively to the date on which the person met all eligibility requirements.

(b) When a prepaid health plan under a contract with the state to provide medical assistance services notifies the commissioner that an infant has been or will be born to an enrollee under the contract,

the commissioner may notify the appropriate local agency of that fact. The local agency must investigate eligibility for medical assistance for the infant, take appropriate action, and notify the commissioner of that action within 90 days from the date notice is issued. If the infant would have been eligible on the date of birth, the local agency must establish eligibility retroactively to that month.

(c) For general assistance medical care recipients and children's health plan enrollees, if the local agency fails to comply with paragraph (a), the local agency is responsible for the entire cost of general assistance medical care or children's health plan services provided from the date the commissioner issues the notice until the date the local agency takes appropriate action on the case and notifies the commissioner of the action. For infants, if the local agency fails to comply with paragraph (b), the commissioner may determine eligibility for medical assistance for the infant for a period of two months, and the local agency shall be responsible for the entire cost of medical assistance services provided for that infant, in addition to a fee of $100 for processing the case. The commissioner shall deduct any obligation incurred under this paragraph from the amount due to the local agency under subdivision 1.

Sec. 28. Minnesota Statutes 1990, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (a) General assistance medical care may be paid for any person who is age 18 or older and who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spend-down of excess income according to section 256B.056, subdivision 5, and:

(1) who is receiving assistance under section 256D.05 or 256D.051 ~~and is not eligible for medical assistance under chapter 256B including eligibility for medical assistance based on a spend-down of excess income according to section 256B.056, subdivision 5~~; or

(2)(i) who is a resident of Minnesota; and whose equity in assets is *not* in excess of $1,000 per assistance unit. Exempt assets, the reduction of excess assets, and the *waiver of* excess assets must conform to the medical assistance program in chapter 256B; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1.

However, if a disregard of $30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first $50 of earned income is not allowed; or

(3) ~~who is over age 18 and~~ who would be eligible for medical assistance except that the person resides in a facility that is determined by the commissioner or the federal health care financing administration to be an institution for mental diseases.

(b) Eligibility is available for the month of application, and for one month prior to application if the person was eligible under paragraph (a), clause (1) or (2), and three months prior to application if the person was eligible under paragraph (a), clause (3), in those prior months. A redetermination of eligibility must occur every 12 months.

(c) General assistance medical care ~~may be paid for a person, regardless of age, who~~ is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, ~~if~~ and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(d) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 30 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation

received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

Sec. 29. Minnesota Statutes 1990, 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~~ For a person who is eligible under subdivision 3, paragraph (a), clause (3), general assistance medical care covers:

(1) inpatient hospital ~~care,~~ services;

(2) outpatient hospital ~~care,~~ services;

(3) services provided by Medicare certified rehabilitation agencies~~,~~;

(4) prescription drugs, and only the following over-the-counter drugs: insulin, aspirin, antacids, products for the treatment of lice, and acetaminophen. Reimbursement for prescribed drugs shall be the lower of: the average wholesale price minus 15 percent plus the fixed dispensing fee; the maximum allowable cost set by the federal government or the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The maximum pharmacy dispensing fee is the amount paid by the health insurer or nonprofit health service plan with the largest number of insured persons in the state;

(5) equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level~~,~~;

(6) eyeglasses and eye examinations provided by a physician or optometrist~~,~~ as covered under the medical assistance program;

(7) hearing aids~~,~~;

(8) prosthetic devices~~,~~;

(9) laboratory and X-ray services~~,~~;

(10) physician's services~~,~~;

(11) medical transportation~~,~~;

(12) chiropractic services as covered under the medical assistance program~~,~~;

(13) podiatric services~~, and~~;

(14) dental ~~care. In addition, payments of state aid shall be made for:~~ services as covered under the medical assistance program;

~~(1)~~ (15) outpatient services provided by a mental health center or clinic that is under contract with the county board and is established under section 245.62;

~~(2)~~ (16) day treatment services for mental illness provided under contract with the county board;

~~(3)~~ (17) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;

~~(4)~~ (18) case management services for a person with serious and persistent mental illness ~~who would be eligible for medical assistance except that the person resides in an institution for mental diseases~~;

~~(5)~~ (19) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments ~~for a person who would be eligible for medical assistance except that the person resides in an institution for mental diseases~~; and

~~(6)~~ (20) medical equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision.

(b) For a recipient who is eligible under subdivision 3, paragraph (a), clause (1) or (2), general assistance medical care covers the services listed in paragraph (a) with the following exceptions and limitations:

(1) chiropractic services, vision care, podiatry services, allergy testing, special transportation, case management for persons with serious and persistent mental illness, and Medicare premiums, coinsurance, and deductibles are not covered;

(2) audiology, occupational therapy, and speech therapy are not covered, regardless of provider type;

(3) physical therapy is limited to five treatment modalities, regardless of provider type;

(4) services of a Medicare-certified rehabilitation agency, except physical therapy services under clause (3), are not covered;

(5) coverage for dental services is limited to $100 annually;

(6) coverage for physician services is limited to 14 physician visits annually;

(7) coverage for mental health therapy, including psychological services and diagnostic services is limited to ten hours annually. For purposes of this clause, two hours of group therapy count as one hour;

(8) coverage for legend drugs is limited to those prescribed by a physician and contained in a general assistance medical care drug formulary established by the commissioner in the manner used to establish and publish the formulary in section 256B.0625, subdivision 13.

(9) outpatient hospital services are covered to the extent otherwise provided under paragraph (b); and

(10) for an emergency room visit that does not result in an inpatient admission, reimbursement for the emergency room visit shall be reduced by $5 and the hospital may collect that amount from the recipient. The hospital may not deny services to the recipient for failure to pay the copayment amount.

(c) Contracts with prepaid health plans to provide health care services to recipients of general assistance medical care may include, without limitation, the services set forth in paragraph (b), clauses (3), (5), (6), (8), and (10). The commissioner may seek a waiver according to section 62D.30 in order to execute contracts for the benefit package in paragraph (b).

~~(b)~~ (d) 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 sections 256B.02, subdivision 8, and 256B.0625. For payments made during fiscal year 1990 and later years, the commissioner shall ~~contract~~ consult with an independent actuary ~~to establish~~ in establishing prepayment rates, but shall retain final control over the rate methodology.

~~(e)~~ (e) 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.

For the period July 1, 1987, to June 30, 1988, 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 five 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.

For the period July 1, 1988, to June 30, 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 not be reduced. 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)~~ (f) Any county may, from its own resources, provide medical payments for which state payments are not made.

~~(e)~~ (g) Chemical dependency services that are reimbursed under ~~Laws 1986, chapter 394, sections 8 to 20,~~ chapter 254B must not be reimbursed under general assistance medical care.

~~(f)~~ (h) 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.

~~(g)~~ (i) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.

Sec. 30. [PERSONAL NEEDS ALLOWANCE.]

The personal needs allowance in Minnesota Statutes, section

256B.35, subdivision 1, shall not be affected by increases in social security or supplemental security income benefits that become effective in fiscal years 1992 and 1993.

Sec. 31. [EFFECTIVE DATES.]

Subdivision 1. [SPECIAL CATEGORIES OF ELIGIBILITY.] (a) Those portions of sections 9, 10, and 12 regarding publication of federal poverty guidelines are effective retroactive to the date the 1991 change in the federal poverty guidelines became effective.

(b) Sections 11 and 13 are effective retroactive to January 1, 1991.

Subd. 2. [AVAILABILITY OF INCOME.] The deduction for reparation payments in section 14 is effective retroactive to January 1, 1991. The deduction for veterans pensions in section 14 is effective the month in which the Veteran's Administration implements the change at section 8003 of the Omnibus Budget Reconciliation Act of 1990.

Subd. 3. [COVERED SERVICES; MEDICAL ASSISTANCE.] The amendments relating to services covered by medical assistance in sections 17, 18, and 25 are effective July 1, 1991; except that the amendments are effective July 1, 1992, for all contracts with prepaid health plans for medical assistance services that become effective, are amended, or are renewed on or after July 1, 1992.

Subd. 4. [COVERED SERVICES; GAMC.] The amendments relating to services covered by general assistance medical care in section 29 are effective July 1, 1991, except that the amendments are effective July 1, 1992, for all contracts with prepaid health plans that become effective, are amended, or are renewed on or after July 1, 1992.

ARTICLE 3

HUMAN SERVICES BUDGET CHANGES

Section 1. Minnesota Statutes 1990, section 252.46, subdivision 3, is amended to read:

Subd. 3. [RATE MAXIMUM.] Unless a variance is granted under subdivision 6, the maximum payment rates for each vendor for a calendar year must be equal to the payment rates approved by the commissioner for that vendor in effect December 1 of the previous calendar year ~~increased by no more than the projected percentage change in the urban consumer price index, all items, published by the United States Department of Labor, for the upcoming calendar year over the current calendar year~~.

Sec. 2. Minnesota Statutes 1990, section 256B.0625, subdivision 19, is amended to read:

Subd. 19. [PERSONAL CARE ASSISTANTS.] Medical assistance covers personal care 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 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.~~

Sec. 3. Minnesota Statutes 1990, section 256B.091, subdivision 8, is amended to read:

Subd. 8. [ALTERNATIVE CARE GRANTS.] (a) The commissioner shall provide funds to counties participating in the program to pay costs of providing alternative care to individuals screened under subdivision 4 and nursing home or boarding care home residents who request a screening.

(b) Prior to July of each year, the commissioner shall allocate state funds available for alternative care grants to each local agency.

(c) For fiscal year 1991 only, the appropriation shall be distributed as specified in paragraphs (1) and (2).

(1) Sufficient state funds shall be set aside for payment for unreimbursed services provided prior to April 1, 1990, as billed by each county by June 1, 1990.

(2) The remainder of the state funds available for alternative care grants must be allocated to each county in the same proportion as each county's share of the actual payments made plus claims submitted for services rendered in the base year. The base year for each county shall be either fiscal year 1989 or calendar year 1989, whichever period contains a larger total dollar amount of payments plus claims submitted for each county. To be counted in the allocation process, claims must be submitted by June 1, 1990. This allocation will include the state share for medical assistance recipients as well as the state share for those who would be eligible within 180 days after nursing home admission. No reallocation between counties will be made. The county agency shall not be reimbursed for services which exceed the county allocation. To receive reimbursement for persons who are eligible within 180 days, the county must submit invoices within 90 days following the month of service. The number of medical assistance waiver recipients which each county may serve is allocated according to the number of open medical assistance waiver cases on July 1, 1990. Additional recipients may be served with the approval of the commissioner.

These additional recipients must be served within the county's allocation.

(d) The alternative care grant appropriation for fiscal years 1992 and beyond shall cover only individuals who would be eligible for medical assistance within 180 days after admission to a nursing home. The commissioner shall allocate state funds available for alternative care grants to each county agency. The allocation must be made as follows: the state funds available for alternative care grants, up to the amount of the previous year's allocation increased by the percentage for rates in Minnesota Rules, part 9505.2490, must be allocated to each county in the same proportion as the previous year's allocation. If the appropriation is less than the previous year's allocation plus inflation, it shall be prorated according to the county's share of the formula. Any funds appropriated in excess of the previous year's allocation plus inflation shall be allocated to county agencies by methodologies that target funds for programs designed to reduce premature nursing home placements and promote cost-effective alternatives to increasing nursing home beds and nursing home utilization. The additional allocation to counties will become part of the allocation base. No percentage inflationary increase based on Minnesota Rules, part 9505.2490, may be provided for the biennium ending June 30, 1993. The commissioner shall appoint a work group including county and senior representatives to assist in developing criteria for allocating funds which may include identifying special target populations, geographic areas, or projects. No reallocation between counties shall be made. The county agency shall not be reimbursed for services which exceed the county allocation. To receive reimbursement, the county must submit invoices within 90 days following the date of service. The number of medical assistance waiver recipients which a county may serve must be allocated according to the number of open medical assistance waiver cases on July 1 of each fiscal year. Additional recipients may be served with the approval of the commissioner.

(e) The commissioner is directed to conduct a review of the preadmission screening program and alternative care grant program including screening requirements, screening reimbursement, program effectiveness, eligibility criteria for alternative care, accessibility to services, copayment and sliding fee issues, county utilization, rates for services, the payment system, funding and forecasting issues, administrative requirements, incentives for innovation, improved consistency with the community assistance for disabled individuals program and medical assistance home care services, and the allocation formula. In conducting this review, special attention should be given to ways to increase sliding fee collections and reduce or minimize administrative and program requirements and associated county costs. The commissioner shall appoint a work group including county and senior citizen representatives to assist in the program review. The commissioner must

present a report on the findings of the review and recommendations for change to the legislature by February 15, 1991.

(f) Payment is available under this subdivision only for individuals (1) for whom the screening team would recommend nursing home or boarding care home admission, or continued stay if alternative care were not available; (2) who are receiving medical assistance or who would be eligible for medical assistance within 180 days of admission to a nursing home; (3) who need services that are not available at that time in the county through other public assistance; and (4) who are age 65 or older.

(g) The commissioner shall establish by rule, in accordance with chapter 14, procedures for determining limits on the rates for payment of approved services, including screenings, and submittal and approval of a biennial county plan for the administration of the preadmission screening and alternative care grants program.

(h) Grants may be used for payment of costs of providing care-related supplies, equipment, and the following services: adult foster care, adult day care, home health aide, homemaker, personal care, case management, and respite care. These services must be provided by a licensed health care provider, a home health service eligible for reimbursement under Titles XVIII and XIX of the federal Social Security Act, or by persons employed by or contracted with by the county board or the local welfare agency.

(i) The county agency shall ensure that a plan of care is established for each individual in accordance with subdivision 3, clause (e)(2), and that a client's service needs and eligibility is reassessed at least every six months. The plan shall include any services prescribed by the individual's attending physician as necessary and follow up services as necessary. The county agency shall provide documentation to the commissioner verifying that the individual's alternative care is not available at that time through any other public assistance or service program and shall provide documentation in each individual's plan of care and to the commissioner that the most cost-effective alternatives available have been offered to the individual and that the individual was free to choose among available qualified providers, both public and private. The county agency shall document to the commissioner that the agency made reasonable efforts to inform potential providers of the anticipated need for services under the alternative care grants program, including a minimum of 14 days written advance 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, and that the agency allowed potential providers an opportunity to be selected to contract with the county board. Grants to counties under this subdivision are subject to audit by the commissioner for fiscal and utilization control.

(j) 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.

(k) 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.

(l) The commissioner shall establish a sliding fee schedule for requiring payment for the cost of providing services under this subdivision to persons who are eligible for the services but who are not yet eligible for medical assistance. The sliding fee schedule is not subject to chapter 14 but the commissioner shall publish the schedule and any later changes in the State Register and allow a period of 20 working days from the publication date for interested persons to comment before adopting the sliding fee schedule in final forms.

(m) The commissioner shall apply for a waiver for federal financial participation to expand the availability of services under this subdivision. Waivered services provided to medical assistance recipients must comply with the same criteria as defined in this section and in the approved waiver. Reimbursement for the medical assistance recipients shall be made from the regular medical assistance account. The commissioner shall provide grants to counties from the nonfederal share, unless the commissioner obtains a federal waiver for medical assistance payments, of medical assistance appropriations. A county agency may use grant money to supplement but not supplant services available through other public assistance or service programs and shall not use grant money to establish new

programs for which public money is available through sources other than grants provided under this subdivision. A county agency shall not use grant money to provide care under this subdivision to an individual if the anticipated cost of providing this care would exceed the average payment, as determined by the commissioner, for the level of care that the recipient would receive if placed in a nursing home or boarding care home. The nonfederal share may be used to pay up to *90* percent *of the start-up and service delivery costs of* providing care under this subdivision. The state share of the nonfederal portion of costs shall be 90 percent and the county share shall be ten percent. Each county agency that receives a grant shall pay ten percent of the costs for persons who are eligible for the services but who are not yet eligible for medical assistance.

(n) Beginning July 1, 1991, the state will reimburse counties according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision from January 1, 1991, on, for individuals who are receiving medical assistance.

(o) Beginning July 1, 1991, the state will reimburse counties, up to the limit of state appropriations, according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision from January 1, 1991, on, for individuals who would be *eligible for medical assistance within 180 days of admis*sion to a nursing home.

(p) The commissioner shall promulgate emergency rules in accordance with sections 14.29 to 14.36, to establish required documentation and reporting of care delivered.

Sec. 4. Minnesota Statutes 1990, section 256B.49, is amended by adding a subdivision to read:

Subd. 4. [INFLATION ADJUSTMENT.] For the biennium ending June 30, 1993, the commissioner of human services shall not provide an annual inflation adjustment for home and community-based waivered services.

Sec. 5. Minnesota Statutes 1990, section 256B.501, subdivision 3g, is amended to read:

Subd. 3g. [ASSESSMENT OF RESIDENTS.] For rate years beginning on or after October 1, ~~1990~~ 1993, the commissioner shall establish program operating cost rates for care of residents in facilities that take *into consideration service characteristics of* residents in those facilities. To establish the service characteristics of residents, the quality assurance and review teams in the department of health shall assess all residents annually beginning January 1, 1989, using a uniform assessment instrument developed by the commissioner. This instrument shall include assessment of the client's behavioral needs, integration into the community, ability to

perform activities of daily living, medical and therapeutic needs, and other relevant factors determined by the commissioner. The commissioner may adjust the program operating cost rates of facilities based on a comparison of client service characteristics, resource needs, and costs. The commissioner may adjust a facility's payment rate during the rate year when accumulated changes in the facility's average service units exceed the minimums established in the rules required by subdivision 3j.

Each facility's interdisciplinary team shall continue to assess each new admission to the facility. The quality assurance and review teams in the department of health shall continue to assess all residents annually. The quality assurance and review teams and the interdisciplinary team shall assess all residents using a uniform assessment instrument developed by the commissioner and the ICF/MR reimbursement and quality assurance and review manual. Beginning with the reporting year which ends December 31, 1991, the commissioner shall annually collect client statistical data based on assessments performed by the quality assurance and review teams and by the interdisciplinary team on annual cost reports submitted by the facility and may use this data in the calculation of program operating costs payment rates after October 1, 1993.

Sec. 6. Minnesota Statutes 1990, section 256B.501, subdivision 11, is amended to read:

Subd. 11. [INVESTMENT PER BED LIMITS, INTEREST EXPENSE LIMITATIONS, AND ARMS-LENGTH LEASES.] (a) The provisions of Minnesota Rules, part 9553.0075, except as modified under this subdivision, shall apply to newly constructed or established facilities that are certified for medical assistance on or after May 1, 1990.

(b) For purposes of establishing payment rates under this subdivision and Minnesota Rules, parts 9553.0010 to 9553.0080, the term "newly constructed or newly established" means a facility (1) for which a need determination has been approved by the commissioner under sections 252.28 and 252.291; (2) whose program is newly licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, and certified under Code of Federal Regulations, title 42, section 442.400, et seq.; and (3) that is part of a proposal that meets the requirements of section 252.291, subdivision 2, paragraph (2). The term does not include a facility for which a need determination was granted solely for other reasons such as the relocation of a facility; a change in the facility's name, program, number of beds, type of beds, or ownership; or the sale of a facility, unless the relocation of a facility to one or more service sites is the result of a closure of a facility under section 252.292, in which case clause (3) shall not apply. The term does include a facility that converts more than 50 percent of its licensed beds from class A to class B residential or class B institutional to serve persons discharged from state regional

treatment centers on or after May 1, 1990, in which case clause (3) does not apply.

(c) Newly constructed or newly established facilities that are certified for medical assistance on or after May 1, 1990, shall be allowed the capital asset investment per bed limits as provided in clauses (1) to (4).

(1) The 1990 calendar year investment per bed limit for a facility's land must not exceed $5,700 per bed for newly constructed or newly established facilities in Hennepin, Ramsey, Anoka, Washington, Dakota, Scott, Carver, Chisago, Isanti, Wright, Benton, Sherburne, Stearns, St. Louis, Clay, and Olmsted counties, and must not exceed $3,000 per bed for newly constructed or newly established facilities in other counties.

(2) The 1990 calendar year investment per bed limit for a facility's depreciable capital assets must not exceed $44,800 for class B residential beds, and $45,200 for class B institutional beds.

(3) The investment per bed limit in clause (2) must not be used in determining the three-year average percentage increase adjustment in Minnesota Rules, part 9553.0060, subpart 1, item C, subitem (4), for facilities that were newly constructed or newly established before May 1, 1990.

(4) The investment per bed limits in clause (2) shall be adjusted annually beginning January 1, 1991, and each January 1 following, as provided in Minnesota Rules, part 9553.0060, subpart 1, item C, subitem (2).

(d) A newly constructed or newly established facility's interest expense limitation as provided for in Minnesota Rules, part 9553.0060, subpart 3, item F, on capital debt for capital assets acquired during the interim or settle-up period, shall be increased by 2.5 percentage points for each full .25 percentage points that the facility's interest rate on its mortgage is below the maximum interest rate as established in Minnesota Rules, part 9553.0060, subpart 2, item A, subitem (2). For all following rate periods, the interest expense limitation on capital debt in Minnesota Rules, part 9553.0060, subpart 3, item F, shall apply to the facility's capital assets acquired, leased, or constructed after the interim or settle-up period. If a newly constructed or newly established facility is acquired by the state, the limitations of this paragraph and Minnesota Rules, part 9553.0060, subpart 3, item F, shall not apply.

(e) If a newly constructed or newly established facility is leased with an arms-length lease as provided for in Minnesota Rules, part 9553.0060, subpart 7, the lease agreement shall be subject to the following conditions:

(1) the term of the lease, including option periods, must not be less than 20 years;

(2) the maximum interest rate used in determining the present value of the lease must not exceed the lesser of the interest rate limitation in Minnesota Rules, part 9553.0060, subpart 2, item A, subitem (2), or 16 percent; and

(3) the residual value used in determining the net present value of the lease must be established using the provisions of Minnesota Rules, part 9553.0060.

(f) All leases of the physical plant of an intermediate care facility for the mentally retarded shall contain a clause that requires the owner to give the commissioner notice of any requests or orders to vacate the premises 90 days before such vacation of the premises is to take place. In the case of unlawful detainer actions, the owner shall notify the commissioner within three days of notice of an unlawful detainer action being served upon the tenant. The only exception to this notice requirement is in the case of emergencies where immediate vacation of the premises is necessary to assure the safety and welfare of the residents. In such an emergency situation, the owner shall give the commissioner notice of the request to vacate at the time the owner of the property is aware that the vacating of the premises is necessary. This section applies to all leases entered into after May 1, 1990. Rentals set in leases entered into after that date that do not contain this clause are not allowable costs for purposes of medical assistance reimbursement.

(g) A newly constructed or newly established facility's preopening costs are subject to the provisions of Minnesota Rules, part 9553.0035, subpart 12, and must be limited to only those costs incurred during one of the following periods, whichever is shorter:

(1) between the date the commissioner approves the facility's need determination and 30 days before the date the facility is certified for medical assistance; or

(2) the 12-month period immediately preceding the 30 days before the date the facility is certified for medical assistance.

(h) The development of any newly constructed or newly established facility as defined in this subdivision and projected to be operational after July 1, 1991, by the commissioner of human services shall be delayed until July 1, 1993, except for those facilities authorized by the commissioner as a result of a closure of a facility according to section 252.292 prior to January 1, 1991, or those facilities developed as a result of a receivership of a facility according to section 245A.12. This paragraph does not apply to state-operated community facilities authorized in section 252.50.

Sec. 7. Minnesota Statutes 1990, section 256I.04, is amended by adding a subdivision to read:

Subd. 3. [MORATORIUM ON THE DEVELOPMENT OF NEGOTIATED RATE BEDS.] County agencies shall not enter into agreements for new general assistance or Minnesota supplemental aid negotiated rate beds except for: adult foster homes licensed by the commissioner of human services under Minnesota Rules, parts 9555.5105 to 9555.6265, or facilities licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the foster home or facility is needed to meet the census reduction targets for persons with mental retardation or related conditions at regional treatment centers; or to ensure compliance with the federal Omnibus Budget Reconciliation Act alternative disposition plan requirements for inappropriately placed persons with mental retardation or related conditions or mental illness. Agreements for new beds are subject to the approval of the commissioner. This moratorium expires June 30, 1993.

Sec. 8. Minnesota Statutes 1990, section 256I.05, is amended by adding a subdivision to read:

Subd. 1a. [LOWER MAXIMUM RATE.] The maximum monthly rate for a general assistance or Minnesota supplemental aid negotiated rate residence that enters into an initial negotiated rate agreement with a county agency on or after June 1, 1989, may not exceed 90 percent of the maximum rate established under subdivision 1. This is effective until June 30, 1993, or until the statewide system authorized under subdivision 6 is established, whichever occurs first.

Sec. 9. Minnesota Statutes 1990, section 256I.05, is amended by adding a subdivision to read:

Subd. 1b. [RATES FOR UNCERTIFIED BOARDING CARE HOMES.] The maximum rate for a boarding care home not certified to receive medical assistance is equal to 47 percent of the average nursing home level "A" rate in effect for the geographic area in which the boarding care home is located. This is effective until June 30, 1993. A noncertified boarding care home licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, is exempt from this rate limit.

Sec. 10. Minnesota Statutes 1990, section 256I.05, subdivision 2, is amended to read:

Subd. 2. [MONTHLY RATES; EXEMPTIONS.] (a) The maximum negotiated rate does not apply to a residence 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. For residences in this clause that have less than five percent of their licensed boarding care capacity reimbursed by the medical assistance program, rate increases shall be provided according to section 256B.431, subdivision 4, paragraph (c).

(b) The maximum negotiated rate does not apply to a residence that on August 1, 1984, was licensed by the commissioner of human services under Minnesota Rules, parts 9525.0520 to 9525.0660, but funded as a negotiated rate residence under general assistance or Minnesota supplemental aid. Rate increases for these residences are subject to the provisions of subdivision 7.

(c) ~~The following residences are exempt from the limit on negotiated rates and must be reimbursed for documented actual costs, until an alternative reimbursement system covering services excluding room and board maintenance services is developed by the commissioner:~~

~~(1) a residence that is not certified to participate in the medical assistance program, that was licensed as a boarding care facility by March 1, 1985, and does not receive supplemental program funding under Minnesota Rules, parts 9535.2000 to 9535.3000 or 9553.0010 to 9553.0080;~~

~~(2)~~ A residence certified to participate in the medical assistance program, licensed as a boarding care facility or a nursing home, and declared to be an institution for mental disease by January 1, 1989, is exempt from the limit on negotiated rates and must be reimbursed for documented actual costs, until an alternative reimbursement system covering services excluding room and board maintenance services is developed by the commissioner. Effective January 1, 1989, the actual documented cost for these residences is the individual's appropriate medical assistance case mix rate until the commissioner develops a comprehensive system of rates and payments for persons in all negotiated rate residences. The exclusion from the rate limit for residences under this clause expires July 1, 1991. The commissioner of human services, in consultation with the counties in which these residences are located, shall review the status of each certified nursing home and board and care facility declared to be an institution for mental disease. This review shall include the cost effectiveness of continued payment for residents through general assistance or Minnesota supplemental aid; the appropriateness of placement of general assistance or supplemental aid clients in these facilities; the effects of Public Law Number 100-203 on these facilities; and the role of these facilities in the mental health service delivery system. The commissioner shall make recommendations to the legislature by January 1, 1990, regarding the need to continue the exclusion of these facilities from the negotiated rate maximum and the future role of these facilities in serving persons with mental illness.

Sec. 11. Minnesota Statutes 1990, section 256I.05, is amended by adding a subdivision to read:

Subd. 7a. [RATE INCREASES FOR THE 1991-1993 BIENNIUM.] For the biennium ending June 30, 1993, no inflationary increases shall be provided in rates for negotiated rate settings under subdivision 7.

Sec. 12. [DEMONSTRATION PROJECTS.]

The commissioner shall demonstrate the development of family foster care services for persons with developmental disabilities in order to achieve regional treatment center census reduction or to develop alternative placements for persons inappropriately placed in nursing homes. For all persons participating in this demonstration that receive services funded by the enhanced waivered services fund, the costs of waivered services shall not exceed an average of $120 per person per day in fiscal year 1993.

The commissioner shall demonstrate a family choice option for 100 persons with developmental disabilities and their families in fiscal year 1992 and for 200 persons and their families in fiscal year 1993. For all persons authorized by the commissioner to receive services under the family choice option, the cost of services funded by the Title XIX home- and community-based waiver are limited to an average of $35 per person per day in fiscal year 1992 with annual cost adjustments as authorized by the legislature."

Delete the title and insert:

"A bill for an act relating to human services; medical assistance and general assistance medical care; clarifying payment rates for hospitals; clarifying coverage of services and eligibility requirements; clarifying the role of independent actuaries; making various human services budget changes; amending Minnesota Statutes 1990, sections 252.46, subdivision 3; 256.045, subdivision 10; 256.936, by adding a subdivision; 256.9365, subdivisions 1 and 3; 256.9685, subdivision 1; 256.9686, subdivisions 1 and 6; 256.969, subdivisions 1, 2, 2c, 3a, and 6a; 256.9695, subdivisions 1 and 5; 256B.031, subdivision 4, and by adding a subdivision; 256B.055, subdivisions 10 and 12; 256B.057, subdivisions 1, 2, 3, 4, and by adding a subdivision; 256B.0575; 256B.0625, subdivisions 4, 9, 12, 13, 17, 19, 24, 25, 28, 30, and by adding a subdivision; 256B.063; 256B.08, by adding a subdivision; 256B.091, subdivision 8; 256B.19, by adding a subdivision; 256B.49, by adding a subdivision; 256B.501, subdivisions 3g and 11; 256D.03, subdivisions 3 and 4; 256I.04, by adding a subdivision; and 256I.05, subdivision 2, and by adding subdivisions."

And that when so amended the bill be re-referred to the Committee on Appropriations without further recommendation.

The report was adopted.

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

H. F. No. 1323, A bill for an act relating to state lands; transferring state land by private sale to the town board of the town of Lake in Roseau county.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 92.03, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LANDS.] The price of school lands must be at least $5 an acre, including the value of timber reproduction. Sales of school lands must be held within the county containing the lands or an adjacent county. No more than 100,000 acres of school lands may be sold in one year. If a patent has been issued by the federal government to school land before 1864 and the taxes on it have been paid for at least 35 years, the commissioner of finance may reduce the minimum price of $5 an acre by the taxes paid to make the land salable.

Sec. 2. Minnesota Statutes 1990, section 92.12, subdivision 4, is amended to read:

Subd. 4. [SALES.] The commissioner shall hold frequent sales of school and other state lands. The time and place of the sales must be publicly posted ~~on the front door of~~ in the courthouse in the county where the lands are located and in the courthouse in the county where the sale is to take place at least 30 days in advance, in addition to the regular notice of sale provided by law. At this sale the commissioner shall sell lands the commissioner considers best for the public interest.

Sec. 3. Minnesota Statutes 1990, section 92.13, is amended to read:

92.13 [STATE LANDS, DATE OF SALE.]

The commissioner shall hold public sales of school and other state

lands ~~in counties containing them~~ when it is advantageous to the state and to intending buyers and settlers.

Sec. 4. Minnesota Statutes 1990, section 92.14, is amended to read:

92.14 [SALE, NOTICE.]

Subdivision 1. [TIME.] ~~Before any sale is made,~~ The commissioner shall give four weeks' published notice of the ~~time and place of~~ sale at St. Paul ~~and~~, in each county containing land to be sold, and in the county where the sale will be held. ~~The notice must describe each parcel of land to be sold.~~ If there is no newspaper published in the county, four weeks' posted notice in the county courthouse must be given. On or before the day of sale, the commissioner may withdraw any lands.

Subd. 2. [CONTENTS.] ~~The commissioner shall give public notice of each sale referred to in section 92.13 by four publications in a weekly newspaper printed and published at the county seat of the county containing the lands, and by four weekly publications in a daily newspaper published and printed in St. Paul.~~ The notice must contain the following information:

(1) the time and place for the holding of the sales;

(2) the limitations and requirements provided by law for purchasers of the lands;

(3) the terms and conditions of payments required by law; and

(4) the place where lists of lands to be offered for sale may be obtained.

Subd. 3. [ADDITIONAL ADVERTISING OF LAND SALES.] In addition to ~~posted~~ notice of land sales required by ~~subdivisions~~ subdivision 1 ~~and 2~~, the commissioner shall publicize land sales in Minnesota and elsewhere to the greatest extent possible, consistent with appropriations available for that purpose.

Sec. 5. Minnesota Statutes 1990, 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 or as otherwise provided in this section, 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. The commissioner may also sell other state property that is not necessary for public access to water and that has been included in plats of state property

authorized for sale under this section. Requests for sale must be made prior to December 31, 1992, and the commissioner shall complete all requested sales and sales arising from those requests by December 31, 1993, subject to subdivision 3, clause (d). 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. In 1990 and 1991 a request for sale may be withdrawn by a lessee at any time more than ten days before the day set for a sale. Property withdrawn from sale by its lessee is not subject to sale under this section until the lessee makes another request. Property withdrawn from sale shall continue to be governed by other law.

Sec. 6. Laws 1986, chapter 449, section 6, is amended to read:

Sec. 6. [REPEALER.]

Minnesota Statutes 1990, sections ~~2~~ 92.67 and ~~3 of this act~~ 92.68, are repealed on ~~July 1, 1992~~ January 1, 1994.

Sec. 7. [STATE LAND CONVEYANCE; LAKE.]

(a) Notwithstanding Minnesota Statutes, sections 282.14 to 282.21, the commissioner of natural resources, on behalf of the state, shall convey the land described in paragraph (c) to the town board of the town of Lake in Roseau county for no consideration.

(b) The conveyance must be in a form approved by the attorney general and must provide that the land reverts to the state if the land is not used for the purposes described in paragraph (d).

(c) The land to be conveyed is located in Roseau county, contains 32.33 acres, more or less, and is described as Lot 2 in Section 27, Township 163 North, Range 37 West.

(d) The described property is located adjacent to the town hall property. The town desires to expand its town hall and to manage and use the remaining property in its natural state or as a park.

Sec. 8. [EFFECTIVE DATE.]

Section 7 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state lands; allowing sales of certain state lands to be held in counties adjacent to the county where the land is located; allowing the commissioner of natural resources to sell certain state lands bordering public waters; transferring state land by private sale to the town board of the town of Lake in Roseau

county; amending Minnesota Statutes 1990, sections 92.03, subdivision 1; 92.12, subdivision 4; 92.13; 92.14; 92.67, subdivision 1; and Laws 1986, chapter 449, section 6."

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. 1359, A bill for an act relating to housing; requiring counseling for reverse mortgage loans; providing penalties; amending Minnesota Statutes 1990, section 47.58, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 20, delete everything after the period

Page 1, delete lines 21 and 22

Page 1, line 23, delete everything before the period and insert "A failure by the lender to comply with this act results in a $1,000 civil penalty payable to the mortgagor"

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. 1377, A bill for an act relating to the city of Richfield; authorizing the city to advance money to the commissioner of transportation to expedite construction of a frontage road within the city; authorizing an agreement between the commissioner and the city; authorizing the city to issue bonds and requiring the commissioner to pay interest on the bonds up to a certain amount.

Reported the same back with the following amendments:

Page 1, line 15, after "commissioner" insert "of transportation"

Page 1, line 21, delete "Before entering into the contract, the" and insert "The"

Page 1, line 22, after "commissioner's" insert "six-year highway improvement"

Page 1, line 23, after "requirements" insert "before the city and the commissioner may enter into the contract"

Page 2, line 32, delete "of transportation"

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

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1442, A bill for an act relating to transportation; creating a paratransit advisory council; proposing coding for new law in Minnesota Statutes, chapter 256B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 171.01, is amended by adding a subdivision to read:

Subd. 24. [SPECIAL TRANSPORTATION SERVICE.] "Special transportation service" means motor vehicle transportation provided on a regular basis by a public or private entity or person that is designed primarily to serve individuals who are elderly, handicapped, or disabled and who are unable to use regular means of transportation but do not require ambulance service, as defined in section 144.801, subdivision 4. Special transportation service includes but is not limited to service provided by specially equipped buses, vans, and taxis.

Sec. 2. Minnesota Statutes 1990, section 171.02, subdivision 2, is amended to read:

Subd. 2. [DRIVER'S LICENSE CLASSIFICATIONS, ENDORSEMENTS, EXEMPTIONS.] Drivers' licenses shall be classified according to the types of vehicles which may be driven by the holder of each type or class of license. The commissioner may, as appropriate, subdivide the classes listed in this subdivision and issue licenses classified accordingly. No class of license shall be valid to operate a motorcycle, school bus, special transportation service vehicle, tank vehicle, double-trailer or triple-trailer combination, vehicle trans-

porting hazardous materials, or bus, unless so endorsed. There shall be four general classes of licenses as follows:

(a) Class C; valid for:

(1) all farm trucks as defined in section 168.011, subdivision 17, operated by (i) the owner, (ii) an immediate family member of the owner, (iii) an employee of the owner not primarily employed to operate the farm truck, within 150 miles of the farm, or (iv) an employee of the owner employed during harvest to operate the farm truck for the first, continuous transportation of agricultural products from the production site or on-farm storage site to any other location within 50 miles of that site;

(2) fire trucks and emergency fire equipment, whether or not in excess of 26,000 pounds gross vehicle weight, operated by a firefighter while on duty, or a tiller operator employed by a fire department who drives the rear portion of a midmount aerial ladder truck;

(3) recreational equipment as defined in section 168.011, subdivision 25, that is operated for personal use; and

(4) all single unit vehicles except vehicles with a gross vehicle weight of 26,001 or more pounds, vehicles designed to carry more than 15 passengers including the driver, and vehicles that carry hazardous materials.

The holder of a class C license may also tow vehicles under 10,000 pounds gross vehicle weight.

(b) Class CC; valid for:

(1) operating class C vehicles;

(2) with a hazardous materials endorsement, transporting hazardous materials in class C vehicles; ~~and~~

(3) with a school bus endorsement, operating school buses designed to transport 15 or fewer passengers, including the driver; and

(4) with a special transportation service vehicle endorsement, operating a motor vehicle providing special transportation service.

(c) Class B; valid for all vehicles in class C, class CC, and all other single unit vehicles including, with a passenger endorsement, buses.

(d) Class A; valid for any vehicle or combination thereof.

Sec. 3. Minnesota Statutes 1990, section 171.10, subdivision 2, is amended to read:

Subd. 2. [ENDORSEMENTS ADDED.] (a) Any person, after applying for or receiving a driver's license and prior to the expiration year of the license, who wishes to have a motorcycle, school bus, special transportation service vehicle, tank vehicle, passenger, double-trailer or triple-trailer, or hazardous materials vehicle endorsement added to the license, shall, after taking the necessary examination, apply for a duplicate license and make payment of the proper fee.

(b) The examination for a special transportation service vehicle endorsement shall consist of proof of completion of training as required by the commissioner of transportation under section 174.30, and a criminal records check as required under section 5.

Sec. 4. Minnesota Statutes 1990, section 171.13, subdivision 5, is amended to read:

Subd. 5. [FEE FOR VEHICLE ENDORSEMENT.] Any person applying to secure a motorcycle, school bus, special transportation service vehicle, tank vehicle, passenger, double-trailer or triple-trailer, or hazardous materials vehicle endorsement on the person's driver's license shall pay a $2.50 examination fee at the place of application.

Sec. 5. [171.323] [SPECIAL TRANSPORTATION SERVICE DRIVERS.]

Subdivision 1. [DRIVER'S LICENSE WITH ENDORSEMENT REQUIRED.] No person shall drive a motor vehicle providing special transportation service without having a valid class A, class B, or class C driver's license with a special transportation service vehicle endorsement.

Subd. 2. [QUALIFICATIONS; RULES.] The commissioner of public safety shall prescribe rules governing the qualifications of individuals to drive motor vehicles providing special transportation services.

Subd. 3. [STUDY OF APPLICANT.] Before issuing or renewing a special transportation service vehicle endorsement, the commissioner shall conduct a criminal records check of the applicant. The commissioner may also conduct a records check at any time while a person is so licensed. The check shall consist of a criminal records check of the state criminal records repository. If the applicant has resided in Minnesota for less than five years, the records check shall also include a criminal records check of information from the state law enforcement agencies in the states where the applicant resided

during the five years before moving to Minnesota, and of the national criminal records repository including the criminal justice data communications network. The applicant's failure to cooperate with the commissioner in conducting a records check is reasonable cause to deny an application or cancel a special transportation vehicle endorsement. The commissioner may not release the results of a records check to any person except the applicant.

Sec. 6. [256B.74] [ADVISORY COUNCIL ON PARATRANSIT.]

Subdivision 1. [CREATION; MEMBERSHIP.] The regional transit board shall establish a paratransit advisory council under section 15.059, consisting of the following members:

(1) two members representing the regional transit board, appointed by the chair of the board;

(2) two members representing the department of human services, appointed by the commissioner of human services;

(3) one member representing the department of transportation, appointed by the commissioner of transportation;

(4) one member representing the metropolitan transit commission, appointed by the commission's chair;

(5) one member representing the council on disability, appointed by the council;

(6) one member representing nonprofit providers, appointed by the commissioner of human services;

(7) one member representing for-profit providers, appointed by the commissioner of human services;

(8) one member representing the senior community, appointed by the commissioner of human services;

(9) one member representing the metropolitan area, appointed by the chair of the metropolitan council; and

(10) two members representing users of paratransit, appointed by the chair of the board.

The council shall expire December 31, 1991.

Subd. 2. [ADMINISTRATION.] The regional transit board and the department of human services shall provide staff and administrative services for the council. The organizations whose representatives are listed in subdivision 1, clauses (4) to (8), shall provide

information, staff, and technical assistance for the council as needed.

Subd. 3. [STUDIES.] The council shall conduct a feasibility study of the consolidation and coordination of the existing metro mobility service trips with the existing department of human services medical assistance service trips in the metropolitan area. The council shall seek consultation from affected persons and organizations not represented by members appointed under subdivision 1, including but not limited to, day training and habilitation centers, nursing facilities, and intermediate care facilities for the mentally retarded.

Subd. 4. [REPORT.] The commissioner of human services and the chair of the regional transit board shall jointly submit their consolidation and coordination feasibility report and recommendations to the legislature and the governor not later than December 31, 1991.

Subd. 5. [DEFINITION.] For the purposes of this section, "metropolitan area" has the meaning given it in section 473.121, subdivision 2.

Sec. 7. [APPLICATION.]

Section 6 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Delete the title and insert:

"A bill for an act relating to transportation; requiring endorsement on driver's license of driver of special transportation service vehicle; requiring applicant for the endorsement to be qualified and to undergo a background investigation; creating a paratransit advisory council; requiring a study and report; imposing a fee; amending Minnesota Statutes 1990, sections 171.01, by adding a subdivision; 171.02, subdivision 2; 171.10, subdivision 2; and 171.13, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 171 and 256B."

With the recommendation that when so amended the bill pass.

The report was adopted.

Rodosovich from the Committee on Redistricting to which was referred:

H. F. No. 1468, A bill for an act relating to elections; establishing additional standards for county and city redistricting plans regard-

ing population equality, protection of minority populations, and preservation of communities of interest; amending Minnesota Statutes 1990, sections 205.84, subdivision 1; and 375.025, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 204B.135, subdivision 2, is amended to read:

Subd. 2. [OTHER ELECTION DISTRICTS.] For purposes of this subdivision, "local government election district" means a county district, park and recreation district, school district, or soil and water conservation district. Local government election districts, other than city wards covered by subdivision 1, may not be redistricted until precinct boundaries are reestablished under section 204B.14, subdivision 3, paragraph (c), or by May 10 in a year ending in two, whichever comes first. When redistricting is required, election districts covered by this subdivision must be redistricted within 65 days of the time when the legislature has been redistricted or by June 1 in the year ending in two, whichever comes first.

Sec. 2. Minnesota Statutes 1990, section 205.84, is amended to read:

205.84 [WARDS IN CERTAIN CITIES.]

Subdivision 1. [GENERAL PROVISIONS.] In a statutory or home rule charter city electing council members by wards, wards shall be as equal in population as practicable and each ward shall be composed of compact, contiguous territory. No ward shall vary in population more than five percent from the average for all wards in the city, unless the result would force a voting precinct to be split. The wards must not dilute the voting strength of racial or language minority populations. Where a concentration of a racial or language minority population makes it possible, the wards must increase the probability that members of the minority will be elected. The wards should attempt to preserve communities of interest where that can be done in compliance with the preceding standards. Each council member shall be a resident of the ward for which elected~~, but a change in ward boundaries does not disqualify a council member from serving for the remainder of a term~~.

Subd. 2. [REDEFINING WARD BOUNDARIES.] This subdivision applies to statutory cities. The governing body of the city may by ordinance redefine ward boundaries after a municipal general election. The council shall hold a public hearing on the proposed ordinance before its adoption. One week's published notice of the

hearing shall be given. Within six months after the official certification of each federal decennial or special census, the governing body of the city shall either confirm the existing ward boundaries as conforming to the standards of subdivision 1 or redefine ward boundaries to conform to those standards. If the governing body of the city fails to take either action within the time required, no further compensation shall be paid to the mayor or council member until the wards of the city are either reconfirmed or redefined as required by this section. An ordinance establishing new ward boundaries shall apply to the first election held at least six months after adoption of the ordinance. All council members whose ward boundaries have changed must run for election at this time. Following redistricting of wards, the initial terms of the members to be elected from each ward must be determined by lot at a meeting of the city council, unless otherwise determined by a majority decision of the council.

Sec. 3. Minnesota Statutes 1990, section 375.025, subdivision 1, is amended to read:

Subdivision 1. [STANDARDS.] The redistricting plan in use in a county shall be used until a new plan is adopted in accordance with this section. Each county shall be divided into as many districts numbered consecutively as it has members of the county board. Commissioner districts shall be bounded by town, municipal, ward, or precinct lines. Each district shall be composed of contiguous territory as regular and compact in form as practicable, depending upon the geography of the county involved and shall be as nearly equal in population as possible. No district shall vary in population more than ~~ten~~ five percent from the average for all districts in the county, unless the result forces a voting precinct to be split. A majority of the least populous districts shall contain not less than a majority of the population of the county. The districts must not dilute the voting strength of racial or language minority populations. Where a concentration of a racial or language minority population makes it possible, the districts must increase the probability that members of the minority will be elected. The districts should attempt to preserve communities of interest where that can be done in compliance with the preceding standards. A county may be redistricted by the county board after each federal census. When it appears after a federal census that the districts of the county are not in accord with the standards set forth in this subdivision, the county shall be redistricted by the county board within the times set in section 204B.135, subdivision 2. Before acting to redistrict, the county board, or a redistricting commission if one is appointed, shall publish three weeks notice of its purpose, stating the time and place of the meeting where the matter will be considered, in the newspaper having the contract to publish the commissioners' proceedings for the county for the current year.

Sec. 4. Minnesota Statutes 1990, section 375.025, subdivision 4, is amended to read:

Subd. 4. [REDISTRICTING PLAN; ELECTION FOLLOWING REDISTRICTING.] A redistricting plan whether prepared by the county board or the redistricting commission shall be filed in the office of the county auditor. A redistricting plan shall be effective on the 31st day after filing unless a later effective date is specified but no plan shall be effective for the next election of county commissioners unless the plan is filed with the county auditor not less than 30 days before the first date candidates may file for the office of county commissioner. One commissioner shall be elected in each district who, at the time of the election, is a resident of the district. A person elected may hold the office only while remaining a resident of the commissioner district. The county board or the redistricting commission shall determine the number of members of the county board who shall be elected for two-year terms and for four-year terms to provide staggered terms on the county board. Unless a majority of the county board agrees, the county auditor shall publicly decide by lot at a meeting of the county board which districts shall have members elected for an initial two-year term of office. Thereafter, all commissioners shall be elected for four years. ~~When~~ If a county is redistricted, there shall be a new election of commissioners in ~~all~~ the districts whose boundaries have changed at the next general election ~~except that if the change made in the boundaries of a district is less than ten percent of the average of all districts of the county, the commissioner in office at the time of the redistricting shall serve for the full period for which elected~~."

Delete the title and insert:

"A bill for an act relating to elections; changing certain local government redistricting deadlines and procedures; establishing additional standards for city and county redistricting plans; amending Minnesota Statutes 1990, sections 204B.135, subdivision 2; 205.84; and 375.025, subdivisions 1 and 4."

With the recommendation that when so amended the bill pass.

The report was adopted.

Pursuant to rule 9.03, H. F. No. 1468 was re-referred to the Committee on Rules and Legislative Administration.

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

H. F. No. 1542, A bill for an act relating to motor vehicles; clarifying that engines may be replaced under certain conditions;

amending Minnesota Statutes 1990, sections 116.63, subdivision 3; and 325E.0951, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 116.63, subdivision 3, is amended to read:

Subd. 3. [ALTERATION.] A person may not materially alter or change any equipment or mechanism of a motor vehicle that has been certified to comply with the rules of the agency, so that the motor vehicle is no longer in compliance with those rules. This subdivision does not prohibit the replacement or rebuilding of an engine if: (1) the motor vehicle in which the engine is replaced is not subject to the inspection requirement in section 116.61; or (2) after the replacement the motor vehicle complies with section 2.

Sec. 2. [116.635] [EXCHANGED AND REBUILT ENGINES.]

(a) Except as provided in paragraph (b), a motor vehicle that is subject to the inspection requirement in section 116.61, and has had its engine rebuilt or exchanged, must comply with the emissions standards for the model year of the vehicle's engine or the model year of the vehicle's chassis, whichever year is earlier.

(b) Vehicles that have received an exchanged or rebuilt engine before August 1, 1991, must comply with the emissions standards for the year the engine was manufactured.

(c) If a vehicle with an exchanged or rebuilt engine is subject to inspection as required by section 116.61, the owner may submit to the person conducting the inspection reasonable proof:

(1) of the year the engine was manufactured; and

(2) that the engine was exchanged before August 1, 1991.

Proof of the engine year may be based on either the engine identification number or documentation provided by the vehicle owner. If the inspector determines that the engine was manufactured before the 1976 model year, the vehicle is exempt from the emissions inspection requirement. If the inspector determines that the vehicle meets the emissions standards for an exchanged or rebuilt engine as set forth in this section, the vehicle must be issued a certificate of compliance.

If the inspector is unable to determine the engine year by

reviewing the engine identification number or the owner is unable to provide documentation of the year the engine was manufactured, the vehicle is required to meet the emissions standards for the year of the chassis.

(d) Motor vehicles manufactured after the 1975 model year that have exchanged engines must have a catalytic converter and an unvented fuel cap if the engine was originally equipped with these devices.

Sec. 3. Minnesota Statutes 1990, section 325E.0951, subdivision 3, is amended *to read:*

Subd. 3. [REPAIRS.] This section does not prevent:

(1) the service, repair, or replacement of any air pollution control system; or

(2) the replacement or rebuilding of an engine if after the replacement or rebuilding the motor vehicle complies with the applicable standards and criteria adopted by the pollution control agency under section 116.62, subdivision 2, for the model year of the chassis.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 3 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to motor vehicles; clarifying that engines may be replaced under certain conditions; amending Minnesota Statutes 1990, sections 116.63, subdivision 3; and 325E.0951, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 116."

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

The report was adopted.

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

H. F. No. 1591, A bill for an act relating to health; establishing health and safety standards for residential care home; requiring licenses; imposing penalties; amending Minnesota Statutes 1990, sections 144A.51, subdivision 5; 144A.53, subdivision 1; and

157.031, subdivisions 2, 3, 4, and 9; proposing coding for new law as Minnesota Statutes, chapter 144B; repealing Minnesota Statutes 1990, section 157.031, subdivision 5.

Reported the same back with the following amendments:

Page 3, line 16, delete everything after the comma and insert: "where adult residents are provided sleeping accommodations and two or more meals per day and where supportive services are provided or offered to all residents by the facility. A "residential care home" does not include:

(1) a board and lodging establishment licensed under chapter 157 and also licensed by the commissioner of human services under chapter 245A;

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

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

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

Page 3, delete lines 17 and 18

Page 3, line 21, delete "social"

Page 3, line 22, delete "and recreational opportunities,"

Page 3, line 24, delete "cleaning rooms,"

Page 3, line 25, delete everything after the first comma and insert "and personal shopping assistance."

Page 4, delete section 5

Page 6, line 26, delete "of" and insert "or"

Page 6, line 29, delete "operational control of" and insert "legal responsibility to operate"

Page 14, after line 7, insert:

"Sec. 19. [144B.17] [ADVISORY WORK GROUP.]

The commissioner shall convene a work group to advise, consult with, and make recommendations to the commissioner regarding the development of rules required under sections 3 to 18. The work group must include consumers and providers of the services described in sections 3 to 18 and other interested parties."

Page 15, after line 17, insert:

"Sec. 24. Minnesota Statutes 1990, section 256I.04, is amended by adding a subdivision to read:

Subd. 3. [MORATORIUM ON THE DEVELOPMENT OF NEGOTIATED RATE BEDS.] County agencies shall not enter into agreements for new general assistance or Minnesota supplemental aid negotiated rate beds except: (1) for adult foster homes licensed by the commissioner of human services under Minnesota Rules, parts 9555.5105 to 9555.6265, or facilities licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the foster home or facility is needed to meet the census reduction targets for persons with mental retardation or related conditions at regional treatment centers; (2) to ensure compliance with the federal Omnibus Budget Reconciliation Act alternative disposition plan requirements for inappropriately placed persons with mental retardation or related conditions or mental illness; or (3) to allow up to eight additional general assistance or Minnesota supplemental aid negotiated rate facility beds for adult foster homes licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, provided the beds serve persons with developmental disabilities and are located in Todd county. Agreements for new beds are subject to the approval of the commissioner. This moratorium expires January 1, 1992.

Sec. 25. [REPORT TO THE LEGISLATURE.]

By February 1, 1992, the commissioner shall report to the legislature on the implementation of sections 3 to 18. This report must include a description of the provisions included in rules required under sections 3 to 18, and an estimate of the expected fiscal impact to the state of adopting those rules."

Renumber the sections and proposed coding in sequence

Correct internal references

Amend the title as follows:

Page 1, line 4, after the second semicolon insert "requiring a report; setting a temporary bed moratorium;"

Page 1, line 6, delete "and"

Page 1, line 7, after the semicolon insert "and 256I.04, 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.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1635, A bill for an act relating to waste management; requiring counties to prepare and amend solid waste management plans; requiring counties and solid waste facilities to develop and implement problem materials management plans; prohibiting issuance and renewal of certain permit if plans are not developed and implemented; requiring the governor to submit a biennial policy report to the legislature on energy and the environment; amending Minnesota Statutes 1990, sections 115A.03, subdivision 24a; 115A.46, subdivisions 1 and 2; 115A.956; 115A.96, subdivision 6; 116.07, subdivisions 4j and 4k; 473.149, subdivision 1; and 473.803, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 116D; repealing Minnesota Statutes 1990, section 116D.07.

Reported the same back with the following amendments:

Pages 2 to 4, delete sections 2 and 3

Page 5, delete lines 10 to 28

Page 6, lines 20 and 21, delete "sections 115A.956, subdivision 3, and" and insert "section"

Page 6, line 31, delete "new"

Page 6, lines 34 and 35, delete "within the state of Minnesota"

Page 7, line 12, delete "plans" and insert "plan"

Page 7, line 13, delete "subdivisions 2 and 3" and insert "subdivision 2"

Page 8, line 3, delete "May 15, 1994" and insert "September 30, 1993"

Pages 13 to 16, delete sections 10 and 11

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, delete lines 3 to 5

Page 1, line 6, delete "plans;"

Page 1, line 11, delete everything after the semicolon

Page 1, line 12, delete "subdivisions 1 and 2;"

Page 1, line 13, after the first semicolon insert "and" and delete "473.149,"

Page 1, line 14, delete everything before "proposing"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

S. F. No. 81, A bill for an act relating to towns; clarifying certain provisions for the terms of town supervisor; providing for the compensation of certain town officers and employees; amending Minnesota Statutes 1990, sections 367.03, subdivision 1; and 367.05, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 171.06, subdivision 4, is amended to read:

Subd. 4. [APPLICATION, FILING.] Any applicant for an instruction permit, a driver's license, restricted license, or duplicate license may file an application with a court administrator of the district court or at a state office. The administrator or state office shall receive and accept the application. To cover all expenses involved in receiving, accepting, or forwarding to the department applications and fees, the court administrator of the district court may retain a

county fee of ~~$1~~ $3 for each application for a Minnesota identification card, instruction permit, duplicate license, driver license, or restricted license. The amount allowed to be retained by the court administrator of the district court shall be paid into the county treasury and credited to the general revenue fund of the county. Before the end of the first working day following the final day of an established reporting period, the court administrator shall forward to the department all applications and fees collected during the reporting period, less the amount herein allowed to be retained for expenses. The court administrators of the district courts may appoint agents to assist in accepting applications, but the administrators shall require every agent to forward to the administrators by whom the agent is appointed all applications accepted and fees collected by the agent, except that an agent may retain one-half of the ~~$1~~ $3 county fee to cover the agent's expenses involved in receiving, accepting or forwarding the applications and fees. The court administrators shall be responsible for the acts of agents appointed by them and for the forwarding to the department of all applications accepted and those fees collected by agents and by themselves as are required to be forwarded to the department.

Sec. 2. Minnesota Statutes 1990, section 272.46, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATION OF TAX LIENS.] The county auditor, upon written application of any person, shall make search of the records of the auditor's office, and ascertain the existence of all tax liens and tax sales as to any lands described in the application, and certify the result of such search under the auditor's hand and official seal, giving the description of the land and all tax liens and tax sales shown by such records, and the amount thereof, the year of tax covered by such lien, the date of tax sale, and the name of the purchaser at such tax sale.

For such service the county auditor shall charge a fee ~~not to exceed $5~~ for each lot or tract of land described in the certificate. The amount of the fee will be established by the county board on or before July 1 of each year. Any number of contiguous tracts of land not exceeding one section, assessed as broad acres, or adjoining lots in the same block, in the city, shall be considered as one lot or parcel within the meaning of this section. The provisions of this section shall not apply to counties having a population of more than 225,000.

Sec. 3. Minnesota Statutes 1990, section 272.47, is amended to read:

272.47 [COUNTY TREASURER, CERTIFICATE OF CURRENT TAXES; FEE.]

The county treasurer, upon written application of any person,

shall make search of the tax duplicates and records of the treasurer's office and ascertain the amount of current tax against any lot or parcel of land described in the application, and shall certify the result of such search under the treasurer's hand and official seal, giving the description of land, year of tax and amount, if any, and for such certificate the treasurer shall be entitled to charge the applicant a fee ~~not to exceed $5~~. The amount of the fee will be established by the county board on or before July 1 of each year. The definition of "lot or parcel," for the purposes of this section, shall be the same as set forth in section 272.46.

This section shall not authorize such treasurer to charge any amount for certifying to taxes on a deed to be recorded or for information with reference to the current tax on any subdivision of land in the county, where no certificate thereof is necessary or required. The provisions of this section shall not apply to counties having a population of more than 200,000.

Sec. 4. Minnesota Statutes 1990, section 279.09, is amended to read:

279.09 [PUBLICATION OF NOTICE AND LIST.]

The county auditor shall cause the notice and list of delinquent real property to be published ~~once in each of two consecutive weeks~~ twice in the newspaper designated~~,~~. The first publication ~~of which~~ shall be made on or before March 20 immediately following the filing of such list with the court administrator of the district court. The second publication shall occur during the fourth week following the first publication. The first publication may include a notice stating that if taxes for a parcel are paid in full not less than one week before the second publication, that parcel and information relating to it will not appear in the second publication. The county auditor shall act in accordance with the notice. Publication charges for the second publication may not exceed the publication charges for the first publication. The auditor shall deliver such list to the publisher of the newspaper designated, at least 20 days before the date upon which the list shall be published for the first time.

Sec. 5. Minnesota Statutes 1990, section 281.13, is amended to read:

281.13 [NOTICE OF EXPIRATION OF REDEMPTION.]

Every person holding a tax certificate after expiration of three years after the date of the tax sale under which the same was issued, may present such certificate to the county auditor; and thereupon the auditor shall prepare, under the auditor's hand and official seal, a notice, directed to the person or persons in whose name such lands are assessed, specifying the description thereof, the amount for which the same was sold, the amount required to redeem the same,

exclusive of the costs to accrue upon such notice, and the time when the redemption period will expire. If, at the time when any tax certificate is so presented, such lands are assessed in the name of the holder of the certificate, such notice shall be directed also to the person or persons in whose name title in fee of such land appears of record in the office of the county recorder. The auditor shall deliver such notice to the party applying therefor, who shall deliver it to the sheriff of the proper county for service. Within 20 days after receiving it, the sheriff shall serve such notice upon the persons to whom it is directed, if to be found in the sheriff's county, in the manner prescribed for serving a summons in a civil action; if not so found, then upon the person in possession of the land, and make return thereof to the auditor. In the case of land held in joint tenancy the notice shall be served upon each joint tenant. If one or more of the persons to whom the notice is directed cannot be found in the county, and there is no one in possession of the land, of each of which facts the return of the sheriff so specifying shall be prima facie evidence, service shall be made upon those persons that can be found and service shall also be made by ~~three~~ two weeks' published notice, proof of which publication shall be filed with the auditor.

When the records in the office of the county recorder show that any lot or tract of land is encumbered by an unsatisfied mortgage or other lien, and show the post office address of the mortgagee or lienee, or if the same has been assigned, the post office address of the assignee, the person holding such tax certificate shall serve a copy of such notice upon such mortgagee, lienee, or assignee by certified mail addressed to such mortgagee, lienee, or assignee at the post office address of the mortgagee, lienee, or assignee as disclosed by the records in the office of the county recorder, at least 60 days prior to the time when the redemption period will expire.

The notice herein provided for shall be sufficient if substantially in the following form:

"NOTICE OF EXPIRATION OF REDEMPTION

Office of the County Auditor

County of ....., State of Minnesota.

To .....

You are hereby notified that the following described piece or parcel of land, situated in the county of ....., and State of Minnesota, and known and described as follows: ...., is now assessed in your name; that on the ..... day of May, ..., at the sale of land pursuant to the real estate tax judgment, duly given and made in and by the district court in and for said county of

....., on the ..... day of March, ..., in proceedings to enforce the payment of taxes delinquent upon real estate for the year ..... for said county of ...., the above described piece or parcel of land was sold for the sum of $....., and the amount required to redeem such piece or parcel of land from such sale, exclusive of the cost to accrue upon this notice, is the sum of $....., and interest at the rate of ..... percent per annum from said ..... day of ....., ..., to the day such redemption is made, and that the tax certificate has been presented to me by the holder thereof, and the time for redemption of such piece or parcel of land from such sale will expire 60 days after the service of this notice and proof thereof has been filed in my office.

Witness my hand and official seal this ..... day of ....., ...

.....

(OFFICIAL SEAL)

County Auditor of

..... County, Minnesota."

Sec. 6. Minnesota Statutes 1990, section 281.23, subdivision 3, is amended to read:

Subd. 3. [PUBLICATION.] As soon as practicable after the posting of the notice prescribed in subdivision 2, the county auditor shall cause to be published for ~~three~~ two successive weeks in the official newspaper of the county, the notice prescribed by subdivision 2.

Sec. 7. Minnesota Statutes 1990, section 367.03, subdivision 1, is amended to read:

Subdivision 1. [OFFICERS, TERMS.] Except in towns operating under option A, three supervisors shall be elected in each town as provided in this section. When a new town is organized and supervisors are elected at a town meeting prior to the annual town election, they shall serve only until the next annual town election. At that election three supervisors shall be elected, one for three years, one for two years, and one for one year, so that the term of one shall expire each year. The number of years for which each is elected shall be indicated on the ballot. When two supervisors are to be elected for three-year terms under option A, a candidate shall indicate on the affidavit of candidacy which of the two offices the candidate is filing for. At following annual town elections one supervisor shall be elected for three years to succeed the one whose term expires at that time and shall serve until a successor is elected

and qualified. Except in towns operating under option B or option D, or both, at the annual town election in even-numbered years one town clerk and at the annual town election in odd-numbered years one town treasurer shall be elected. The clerk and treasurer each shall serve for two years and until their successors are elected and qualified.

Sec. 8. Minnesota Statutes 1990, section 367.05, subdivision 1, is amended to read:

Subdivision 1. The town board shall set the compensation of supervisors, town assessors, the treasurer, clerk, deputy clerk, if one is employed, ~~the road overseer~~ deputy treasurer, if one is employed, and other employees of the town. In addition, supervisors, assessors, treasurers, clerks, deputy clerks, ~~road overseers~~ deputy treasurers, and other employees of the town shall be entitled to mileage for the use of their own automobile at a rate to be determined by the town board for necessary travel on official town business. The town board may fix the hours of employment for town employees, and reimburse a town assessor for expenses.

Sec. 9. Minnesota Statutes 1990, section 375.17, is amended to read:

375.17 [PUBLICATION OF FINANCIAL STATEMENTS.]

Annually, not later than the first Tuesday after the first Monday in March, the county board shall make a full and accurate statement of the receipts and expenditures of the preceding year, which shall contain a statement of the assets and liabilities, a summary of receipts, disbursements, and balances of all county funds together with a detailed statement of each fund account, under the form and style prescribed by and on file with the state auditor. The prescribed form and any changes or modifications of it shall so far as practical be uniform for all counties and be approved by the attorney general and the state printer. Before June 1 the board shall publish the statement or a summary of the statement in a form as prescribed by the state auditor, for one issue in a duly qualified legal newspaper in the county. ~~The board may refrain from publishing an itemized account of amounts paid out, to whom and for what purpose to the extent that the published proceedings of the county board contain the information, if all disbursements aggregating $5,000 or more to any person are set forth in a schedule of major disbursements showing amounts paid out, to whom and for what purpose and are made a part of, and published with, the financial statement. The county board may refrain from publishing the names and amounts of salaries and expenses paid to employees but shall publish the totals of disbursements for salaries and expenses. The county board may refrain from publishing the names of persons receiving poor relief or direct relief and the amounts paid to each, but the totals of the disbursements for those purposes must be published.~~ In addition

to the publication in the newspaper designated by the board as the official newspaper for publication of the financial statement, the statement or summary shall be published in one other newspaper, if one of general circulation is located in a different municipality in the county than the official newspaper. The county board shall call for separate bids for each publication. If the county board elects to publish the full statement, the county board may:

(1) refrain from publishing an itemized account of amounts paid out, to whom and for what purpose to the extent that the published proceedings or the financial statement of the county board contain the information, if all disbursements aggregating $100 or more to any person are set forth in a schedule of major disbursements showing amounts paid out, to whom and for what purpose and are made part of, and published with the financial statement;

(2) refrain from publishing the names and amounts of salaries and expenses paid to employees but shall publish the totals of disbursements for salaries and expenses; and

(3) refrain from publishing the names of persons receiving poor relief or direct relief and the amounts paid to each, but the totals of disbursements for those purposes must be published. If a provision of this section is inconsistent with section 393.07, the provisions of that section shall prevail. The financial statement must be filed with the county auditor for public inspection.

Sec. 10. Minnesota Statutes 1990, section 375B.03, is amended to read:

375B.03 [ESTABLISHMENT OF SERVICE DISTRICTS.]

Notwithstanding any provision of law requiring uniform property tax rates on real or personal property within the county, any county in this state, except a metropolitan county as defined in section 473.121, subdivision 4, ~~and any other county containing a city of the first class,~~ may establish subordinate service districts to provide and finance any governmental service or function which it is otherwise authorized to undertake. A function or service to be provided shall not include a function or service which the county generally provides throughout the county unless an increase in the level of the service is to be supplied in the service district.

Sec. 11. [383D.09] [AUDITOR; TREASURER; RECORDER.]

Subdivision 1. The Dakota county board of commissioners may, by resolution, merge the offices of county treasurer and county auditor. The board may provide, by resolution, that the office of county recorder shall not be elective but shall be filled by appointment by

the county board as provided in this section. These offices will be referred to as treasurer/auditor and property records.

Subd. 2. As provided by a resolution by the Dakota county board of commissioners and subject to subdivisions 3 and 4, the duties of the elected county treasurer and county auditor required by statute shall be combined and performed by one elected official to be referred to as the county treasurer/auditor. The treasurer/auditor shall perform all duties required by statute to be performed by either a county treasurer or auditor and shall be elected in the manner as provided by statute for those officials. A vacancy in the office of treasurer/auditor shall be filled in accordance with section 375.08.

Upon adoption of a resolution by the Dakota county board of commissioners and subject to subdivisions 3 and 4, the duties of the elected county recorder whose office is made appointive under this section shall be discharged by the board of commissioners acting through a department head appointed by the board for that purpose. The appointed department head shall serve at the pleasure of the board. The board may reorganize, consolidate, reallocate, or delegate the duties to promote efficiency in county government. A reorganization, reallocation, or delegation or other administrative change or transfer shall not impair the discharge of duties required by statute to otherwise be performed by a county recorder.

Subd. 3. The persons elected to be county treasurer, county auditor, and county recorder at the last county general election preceding action under this section shall serve in those capacities and perform their duties, functions, and responsibilities until the completion of the term of office to which each was elected, or until a vacancy occurs in the office, whichever occurs earlier.

Subd. 4. The county board, before action as permitted by subdivision 2 and before any appointment permitted by subdivision 1 or 2, but after adopting a resolution permitted by subdivision 1 or 2, shall publish the resolution once each week for two consecutive weeks in the official publication of the county. The resolution may be implemented without the submission of the question to the voters of the county, unless within 21 days after the second publication of the resolution a petition requesting a referendum, signed by at least 15 percent of the voters in the county voting in the last general election, is filed with the county auditor. If a petition is filed, the resolution may be implemented unless disapproved by a majority of the voters of the county, voting on the question at a regular or special election.

Sec. 12. Minnesota Statutes 1990, section 465.79, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF BOUNDARY COMMISSION.] The bound-

ary commission shall review ~~metes and bounds~~ property descriptions within the city. Upon notice to all known parties in interest, the commission shall attempt to establish agreements between adjoining landowners as to the location of common boundaries as delineated by a certified land survey. If agreement cannot be reached, the commission shall make a recommendation as to the location of the common boundary. The commission shall prepare a plan designating all agreed and recommended boundary lines and report to the city council.

Sec. 13. Minnesota Statutes 1990, section 465.79, subdivision 4, is amended to read:

Subd. 4. [JUDICIAL REVIEW.] Following hearing, the council may petition the district court for judicial approval of the proposed plan. If any affected parcel is land registered under chapter 508 or 508A, the petition must be referred to the examiner of titles for a report. The council shall provide sufficient information to identify all parties in interest and shall give notice to parties in interest as the court may order. The court shall determine the location of any contested, disputed, or unagreed boundary and shall determine adverse claims to each parcel as provided in chapter 559. After hearing and determining all disputes, the court shall issue its judgment in the form of a plat complying with chapter 505 and an order designating the owners and encumbrancers of each lot. Real property taxes need not be paid or current as a condition of filing the plat, notwithstanding the requirements of section 505.04.

Sec. 14. Minnesota Statutes 1990, section 471.562, subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY.] "Municipality" means any city, however organized, a county, a housing and redevelopment authority created pursuant to, or exercising the powers contained in, chapter 462, or a port authority created pursuant to, or exercising the powers contained in, chapter 458.

Sec. 15. Minnesota Statutes 1990, section 471.563, is amended to read:

471.563 [USES OF LOAN REPAYMENTS.]

Subject to any restrictions imposed on their use by any related federal or state grant, economic development loan repayments and the proceeds of any bonds issued pursuant to section 471.564 may be applied by a municipality to any of the following purposes:

(1) to finance or otherwise pay the costs of a project;

(2) to pay principal and interest on any bonds issued pursuant to

section 469.178, with respect to a project, certification of which is requested before August 1, 1987, or pursuant to chapter 474, 458, 462, or section 471.564, to purchase insurance or other credit enhancement for any of those obligations or to create or maintain reserves therefor; ~~or~~

(3) to establish and maintain a revolving loan fund for economic development; or

(4) for any other purpose authorized by law.

If economic development loan repayments are used to pay principal or interest on any such obligations, the municipality may be reimbursed for the amount so applied with interest not exceeding the rate of interest on the obligations from subsequent collections of taxes or other revenues that had been designated as the primary source of payment of the obligations.

Sec. 16. [473.140] [LEGISLATIVE MEMBERS OF METROPOLITAN AGENCIES.]

Subdivision 1. [APPLICATION.] This section applies to the following agencies or their successor agencies: the metropolitan council; the regional transit board; the metropolitan transit commission; the metropolitan waste control commission; the metropolitan sports facilities commission; the metropolitan airports commission; and the metropolitan mosquito control commission.

Subd. 2. [LEGISLATIVE MEMBERSHIP.] One member of the house of representatives and one member of the senate, appointed by the customary appointing authority of each house, serve as nonvoting members of the agency. The legislative members of the regional transit board shall also serve as members of the advisory committee created in section 473.3991.

Subd. 2a. [EXCLUSION.] Agency provisions relating to member qualifications, terms of office, removal by the council for cause, vacancies, and compensation do not apply to legislative members of the agency.

Sec. 17. Minnesota Statutes 1990, section 473.303, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] (a) The commission shall consist of ~~eight~~ ten members, plus a chair appointed as provided in subdivision 3.

(b) The metropolitan council shall appoint ~~the~~ eight members in accordance with the provisions of section 473.141.

(c) Two members are legislators, one member of the house of representatives and one member of the senate, appointed by the customary appointing authority of each house. The provisions of subdivisions 4, 4a, 5, and 6 do not apply to the legislative members of the commission.

Sec. 18. Minnesota Statutes 1990, section 473.303, subdivision 3, is amended to read:

Subd. 3. [CHAIR.] The chair of the commission shall be appointed by the council and shall be the ~~ninth~~ 11th member of the commission and shall meet all qualifications established for members, except the chair need only reside within the metropolitan area. The chair shall preside at all meetings of the commission, if present, and shall perform all other duties and functions assigned by the commission or by law. The commission may appoint from among its members a vice-chair to act for the chair during temporary absence or disability.

Sec. 19. Minnesota Statutes 1990, section 473.3991, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The committee consists of:

(1) two members of the governing board of each regional railroad authority that applies for and receives state funding for preliminary engineering of light rail transit facilities;

(2) one member, in addition to those under clause (1), of the governing board of the Hennepin county regional railroad authority;

(3) one member of the governing board of each regional railroad authority not represented under clause (1) that applies for and receives state funding for planning of light rail transit facilities;

(4) two members of the metropolitan transit commission; ~~and~~

(5) the commissioner of transportation or an employee of the department designated by the commissioner; and

(6) two legislators, one member of the house of representatives and one member of the senate, appointed to the transit board under section 16.

Appointments under clauses (1) to (3) are made by the respective authorities, and appointments under clause (4) are made by the commission. The regional transit board shall make the appointment for any appointing authority that fails to make the required appointments. Members serve at the pleasure of the agency making the appointment.

Sec. 20. Minnesota Statutes 1990, section 473.3991, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATION.] The regional transit board shall provide staff and administrative services for the committee. The organizations represented on the committee, other than the legislature, shall provide information, staff, and technical assistance for the committee as needed.

Sec. 21. Minnesota Statutes 1990, section 473.553, subdivision 3, is amended to read:

Subd. 3. [CHAIR.] The chair shall be appointed by the governor with the advice and consent of the senate as the seventh voting member and shall meet all of the qualifications of a member, except the chair need only reside outside the metropolitan area. The chair shall preside at all meetings of the commission, if present, and shall perform all other duties and functions assigned by the commission or by law. The commission may appoint from among its members a vice-chair to act for the chair during temporary absence or disability.

Sec. 22. Minnesota Statutes 1990, section 473.604, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The commission consists of:

(1) the mayor of each of the cities, or a qualified voter appointed by the mayor, for the term of office as mayor;

(2) a number of members appointed from precincts equal or nearest to but not exceeding half the number of districts which are provided by law for the selection of members of the metropolitan council in section 473.123. Each member shall be a resident of the precinct represented. The members shall be appointed by the governor as follows: a number as near as possible to one-fourth, for a term of one year; a similar number for a term of two years; a similar number for a term of three years; and a similar number for a term of four years, all of which terms shall commence on July 1, 1981. The successors of each member shall be appointed for four-year terms commencing in July of each fourth year after the expiration of the original term. Before making an appointment, the governor shall consult with each member of the legislature from the precinct for which the member is to be appointed, to solicit the legislator's recommendation on the appointment;

(3) four members appointed from outside of the metropolitan area to reflect fairly the various regions and interests throughout the state that are affected by the operation of the commission's major airport and airport system. Two of these members must be residents

of statutory or home rule charter cities, towns, or counties containing an airport designated by the commissioner of transportation as a key airport. The other two must be residents of statutory or home rule charter cities, towns, or counties containing an airport designated by the commissioner of transportation as an intermediate airport. The members must be appointed by the governor as follows: one for a term of one year, one for a term of two years, one for a term of three years, and one for a term of four years. All of the terms start on July 1, 1989. The successors of each member must be appointed to four-year terms commencing on July 1 of each fourth year after the expiration of the original term. Before making an appointment, the governor shall consult each member of the legislature representing the municipality or county from which the member is to be appointed, to solicit the legislator's recommendation on the appointment; and

(4) a chair appointed by the governor for a term of four years, with the advice and consent of the senate as provided in section 15.066. The chair may be removed at the pleasure of the governor.

Sec. 23. Minnesota Statutes 1990, section 505.02, subdivision 1, is amended to read:

Subdivision 1. The land shall be surveyed and a plat made setting forth and naming all thoroughfares, showing all public grounds, and giving the dimensions of all lots, thoroughfares and public grounds. All in-lots shall be numbered by beginning the numbering with number one and numbering each lot progressively, through the block in which they are situated, all blocks shall be numbered progressively, by beginning the numbering with the number one and numbering each block progressively through each plat. Consecutive lot or block numbering shall not be continued from one plat into another. All outlots shall be designated by alphabetical order beginning with outlot "A" in each plat. Durable iron monuments shall be set at all angle and curve points on the outside boundary lines of the plat and also at all block and lot corners and at all intermediate points on the block and lot lines indicating changes of direction in the lines and witness corners. The plat shall indicate that all monuments have been set or will be set within one year after recording, or sooner as specified by the approving local governmental unit. A financial guarantee may be required for the placement of monuments. There shall be shown on the plat all survey and mathematical information and data necessary to locate all monuments and to locate and retrace any and all interior and exterior boundary lines appearing thereon. The outside boundary lines of the plat shall be correctly designated on the plat and shall show bearings on all straight lines, or angles at all angle points, and central angle and radii and arc length for all curves. All distances shall be shown between all monuments as measured to the nearest hundredth of a foot. All lot distances shall be shown on the plat to the nearest hundredth of a foot and all curved lines within the plat

shall show central angles, radii and arc distances. If a curved line constitutes the line of more than one lot in any block of a plat, the central angle for that part of each lot on the curved line shall be shown. The width of all thoroughfares shall be shown on the plat. Ditto marks shall not be used on the plat for any purpose. In any instance where a river, stream, creek, lake or pond constitutes a boundary line within or of the plat, a survey line shall be shown with bearings or angles and distances between all angle points and their relation to a water line, and all distances measured on the survey line between lot lines shall be shown, and the survey line shall be shown as a dashed line. The outside boundary lines of the plat shall close by latitude and departure with an error not to exceed one foot in 7,500 feet. All rivers, streams, creeks, lakes, ponds, swamps, and all public highways and thoroughfares laid out, opened, or traveled (existing before the platting) shall be correctly located and plainly shown and designated on the plat. The name and adjacent boundary lines of any adjoining platted lands shall be dotted on the plat.

Sec. 24. Minnesota Statutes 1990, section 505.03, subdivision 1, is amended to read:

Subdivision 1. On the plat shall be written an instrument of dedication, which shall be signed and acknowledged by the owner of the land. All signatures on the plat shall be written with black ink (not ball point). The instrument shall contain a full and accurate description of the land platted and set forth what part of the land is dedicated, and also to whom, and for what purpose these parts are dedicated. The surveyor shall certify on the plat that the plat is a correct representation of the survey, that all distances are correctly shown on the plat, that all monuments have been or will be correctly placed in the ground as shown or stated, and that the outside boundary lines are correctly designated on the plat. If there are no wet lands or public highways to be designated in accordance with section 505.02, the surveyor shall so state. The certificate shall be sworn to before any officer authorized to administer an oath. The plat shall, except in cities whose charters provide for official supervision of plats by municipal officers or bodies, together with an abstract and certificate of title, be presented for approval to the council of the city or town board of towns wherein there reside over 5,000 people in which the land is located; and, if the land is located outside the limits of any city, or such town, then to the board of county commissioners of the county in which the land is located.

Sec. 25. [NEW BRIGHTON; GRANULAR CARBON.]

The city of New Brighton may contract for the procurement, installation, removal, and treatment of granular activated carbon to be used in a water treatment facility for the treatment of contaminated water for potable consumption without complying with Minnesota Statutes, section 574.26, if the city first determines by

resolution that requiring a performance bond will result in no bids or economically disadvantageous bids.

Sec. 26. Laws 1988, chapter 719, article 16, section 1, subdivision 3, is amended to read:

Subd. 3. [SPECIAL SERVICES.] "Special services" means the following services rendered or contracted for by the city:

(1) snow and ice removal;

(2) sweeping and cleaning sidewalks, curbs, gutters, streets, and alleys;

(3) litter, poster, and handbill removal;

(4) construction, repair, operation, and maintenance of sidewalks, curbs, gutters, bus shelters, parking facilities, lighting, benches, chairs, tables, telephone booths, traffic signs, fire hydrants, newsstands, kiosks, trash receptacles, utility connections, marquees, awnings, canopies, display cases, information booths, and banners;

(5) landscaping, planting, repair, maintenance, and care of trees, shrubs, bushes, flowers, grass, and other decorative materials;

(6) security personnel, equipment, and systems;

(7) approval and supervision of special activities;

(8) insurance; and

(9) administration, coordination, studies, and preparation of designs.

Special service district funds may be used to pay operating costs of a neighborhood business association composed of a majority of owners or operators of businesses located within the district.

Sec. 27. [COUNTY OF SWIFT; CITY OF BENSON: REORGANIZATION OF JOINT POWERS HOSPITAL.]

Subdivision 1. [AUTHORIZATION.] Any hospital organized and operating under a joint powers agreement between the county of Swift and the city of Benson may be reorganized and operate pursuant to the provisions of this act, upon compliance with subdivision 2.

Subd. 2. [REORGANIZATION.] In order to effect a reorganization, the existing governing body of the hospital shall file its request for

reorganization with the county board of the county of Swift and the city council of the city of Benson and the county board and city council shall then at their next regular meetings consider the establishment of a hospital district under sections 27 to 40. Upon the adoption of resolutions by each political subdivision stating that the reorganization is effective and assigning a name to the hospital district the creation of the hospital district shall be effected.

Subd. 3. [REORGANIZATION; DISSOLUTION.] After a hospital district is organized under sections 27 to 40 upon approval by the city and the county, it may reorganize and operate under and pursuant to Minnesota Statutes, sections 447.31 to 447.50; or it may be dissolved in accordance with Minnesota Statutes, section 447.38, provided that in that event the county and the city shall be deemed to be the governmental subdivisions that may petition for dissolution and upon dissolution one-third of the assets of the district shall be conveyed to the city and two-thirds shall be conveyed to the county.

Subd. 4. [POLITICAL SUBDIVISION.] For the purpose of laws applicable to political subdivisions, the hospital district shall be a political subdivision but shall not have taxing authority.

Sec. 28. [HOSPITAL BOARD; APPOINTMENT; TERMS.]

Subdivision 1. [GOVERNING BOARD.] The hospital district shall be governed by a board of directors of at least nine and not more than 12 voting members, elected as provided in subdivision 2. All members of the hospital board at the time the hospital district is organized shall continue in office until the members of the first board of the hospital district are elected and qualify.

Subd. 2. [ELECTION.] Three directors shall be elected by the city council and six directors shall be elected by the county board. Up to three additional voting members and additional nonvoting members may be provided for in bylaws adopted pursuant to section 31, subdivision 5. As nearly as possible, one-third of the members of the first board of directors shall be elected for a term to expire one year from the next December 31 following that election, one-third for a term to expire two years from that date, and one-third for a term to expire three years from that date. Each of the political subdivisions electing directors shall assign terms of office to each director according to these staggered terms. Successors to the first board members shall each be elected for terms of three years, and all members shall hold office until their successors are elected and qualify. Terms of office shall expire on December 31. In case of vacancy on the board of directors, whether due to death, removal from the district, inability to serve, resignation, removal by the entity that elected the director, or other cause, the majority of the governing body of the entity that elected the director whose position

is vacant shall elect a director to fill such vacancy for the then unexpired term.

Subd. 3. [COMPENSATION.] The members of the board of directors may receive compensation for their services as such and may be reimbursed for reasonable expenses necessarily incurred in the performance of their duties to the extent provided for in bylaws adopted pursuant to section 31, subdivision 5.

Subd. 4. [IMMUNITY FROM LIABILITY.] Except as otherwise provided in this subdivision, no person who serves without compensation as a member of the board of directors shall be held civilly liable for an act or omission by that person if the act or omission was in good faith, was within the scope of the person's responsibilities as a member of the board, and did not constitute willful or reckless misconduct. This subdivision does not apply to:

(1) an action or proceeding brought by the attorney general for a breach of a fiduciary duty as a director;

(2) a cause of action to the extent it is based on federal law; or

(3) a cause of action based on the board member's express contractual obligation.

Nothing in this subdivision shall be construed to limit the liability of a member of the board for physical injury to the person of another or for wrongful death which is personally and directly caused by the board member.

For purposes of this subdivision, the term "compensation" means any thing of value received for services rendered, except:

(1) reimbursement for expenses actually incurred;

(2) a per diem in an amount not to exceed the per diem authorized for state advisory councils and committees pursuant to Minnesota Statutes, section 15.059, subdivision 3; or

(3) payment by the hospital district of insurance premiums on behalf of a member of the board.

Sec. 29. [OFFICERS OF THE BOARD.]

Subdivision 1. [OFFICES; ELECTION.] At the first meeting of the board of directors of the hospital district, and at each first regular meeting after December 31, the board shall elect, from their number, a chair, a vice-chair, a secretary, and a treasurer. Each officer elected at the first regular meeting after December 31 shall hold office for one year, and until the officer's successor has been

duly elected and qualified. In case of vacancy in any office the chair shall appoint a member to fill the vacancy until the next regular election of officers.

Subd. 2. [DUTIES.] The officers shall have the duties specified in this subdivision and additional duties as set forth in bylaws adopted in accordance with section 31, subdivision 5. The chair shall preside at all meetings of the board of directors and shall perform all duties usually incumbent upon such an officer. The vice-chair shall preside in the absence of the chair. The secretary shall record the minutes of all meetings of the board and be the custodian of all books and records of the district. The treasurer shall be the custodian of money received by the district and shall see that they are properly accounted for. The board may appoint deputies who shall perform any functions and duties of any officer, subject to the supervision and control of the officer.

Sec. 30. [MEETINGS OF THE BOARD.]

Regular meetings of the board of directors shall be held at least quarterly and more frequently as provided in bylaws of the hospital district, at the time and place as the board shall by resolution determine. The meetings may be held at any time upon the call of the chair or of any two other members, upon written notice mailed to each member three days prior to the meeting, or upon other notice as the board, by resolution or according to bylaws adopted by the board of directors, may provide, or without notice, if each member is present or files with the secretary a written consent to the holding of the meeting, which consent may be filed before or after the meeting. Any action within the authority of the board may be taken by the vote of a majority of the members present at a regular or adjourned meeting or at a duly called special meeting if a quorum is present. A majority of all the members of the board shall constitute a quorum, but a lesser number may meet and adjourn from time to time.

Sec. 31. [THE HOSPITAL DISTRICT AND ITS POWERS.]

Subdivision 1. [AUTHORITY; STATUS; PREEXISTING OBLIGATION.] The hospital district shall have perpetual succession, may contract and be contracted with, may sue and be sued, may, but shall not be required to, use a corporate seal, may acquire real and personal property as it may require, within or without the district, by purchase, gift, devise, lease, condemnation, or otherwise, and may hold, manage, control, sell, convey, or otherwise dispose of such property as its interests require. All of the assets, real and personal, of the preexisting hospital organization owned by the county and the city, doing business as Swift County-Benson Hospital, shall pass to the hospital district in fee title or by lease, and all legally valid and enforceable claims and contract obligations of the preexisting hospital organization shall be assumed by the city of Benson and county

of Swift. All taxable property in the district shall continue to be taxable for the payment of any bonded debt previously incurred by the preexisting hospital or by the city of Benson or the county of Swift on behalf of the preexisting hospital. Any properties, real, personal, or mixed, which are acquired, owned, leased, controlled, used, or occupied by the district shall be exempt from general property taxation by the state or any of its political subdivisions, but nothing in this act shall prevent the levy of special assessments for public improvements benefiting the property.

Subd. 2. [BUDGET.] The board of directors shall adopt a budget for each ensuing year and shall provide the budget to the city council and the county board prior to the beginning of the year to which the budget applies. The city council and county board may consider the budget and provide their comments and recommendations to the board of directors.

Subd. 3. [POWERS.] The hospital district shall have all the powers necessary and convenient to provide for the acquisition, betterment, operation, maintenance, and administration for the hospital, including nursing home, other facilities for the residential occupancy of ambulatory elderly citizens who do not require nursing home or general hospital care and related programs, as the board of directors shall determine to be necessary and expedient. The enumeration of specific powers herein does not restrict the power of the board to take any lawful action which, in the reasonable exercise of its discretion, it deems necessary or convenient for the furtherance of the purpose for which the district exists, whether or not the power to take the action is implied from any of the powers expressly granted. These powers shall include, but not be limited to, the power to:

(1) employ management, administrative, nursing, and other personnel, legal counsel, engineers, architects, accountants, and other qualified persons, who may be paid for their services by monthly salaries, hourly wages, and pension benefits, or by fees as may be agreed on;

(2) cause reports, plans, studies, and recommendations to be prepared;

(3) when acquiring real and personal property as authorized in subdivision 1, contract for the acquisition by option, contract for deed, conditional sales contract, or otherwise;

(4) construct, equip, and furnish necessary buildings and grounds and maintain the same;

(5) adopt bylaws and rules and regulations to govern the operation and administration of any and all hospital, nursing home, and other facilities under its control, and for the admission of persons thereto;

(6) impose and collect charges for all services and facilities provided and made available by it;

(7) borrow money and issue bonds as prescribed in this act;

(8) procure insurance against liability of the district or its officers and employees, or both, for torts committed within the scope of their official duties, whether governmental or proprietary, or for errors and omissions, and against damage to or destruction of any of its facilities, equipment, or other property;

(9) subject to subdivision 4, sell or lease any of its facilities or equipment as may be expedient;

(10) cause annual audits to be made of its accounts, books, vouchers, and funds by competent public accountants; this provision shall be construed to be mandatory;

(11) require a corporate surety bond from officers and employees of the district, and in the amount the board shall determine, and authorize payment of the premiums therefor; or

(12) provide loans to students as provided in Minnesota Statutes, section 447.331.

Subd. 4. [APPROVAL FOR SALE OR LEASE.] Nothing contained in this section shall be construed to authorize the district or its board of directors to at any time sell, lease, or otherwise transfer the management, control, or operation of the hospital, including nursing home or other facilities, except upon approval by a majority vote of the county board and the city council.

Subd. 5. [BYLAWS.] Bylaws shall be adopted to further govern the operation of the hospital district. Bylaws or any amendment or repeal of them, shall first be adopted by the board of directors, but shall not take effect until approved by the county board and the city council. Bylaws may address any subject matter pertinent to the organization and operation of the hospital district consistent with sections 31 to 40 and other applicable laws.

Sec. 32. [PAYMENT OF EXPENSES.]

Expenses of acquisition, betterment, administration, operation, and maintenance of the hospital district shall be paid from the revenue derived therefrom and, to the extent authorized by this act, from the proceeds of debt incurred for the benefit of the district, and to the extent determined from time to time by the county board or the city council, from appropriations made by the county board or the city council. Money appropriated by the board of county commissioners and the city council to acquire or improve facilities of the

hospital district may be transferred in the discretion of the board of directors to a sinking fund for bonds issued for that purpose. The hospital board may agree to repay to the county and the city any sums appropriated by the county board or the city council for this purpose, out of the net revenues to be derived from operation of its facilities, and subject to the terms agreed on.

Sec. 33. [TEMPORARY BORROWING AUTHORITY.]

Subdivision 1. [CERTIFICATES OF INDEBTEDNESS.] Subject to the approval of the city and the county, the hospital district may borrow money by issuing certificates of indebtedness in anticipation of revenues and federal aids. Total indebtedness for the certificates must not exceed $50,000. The proceeds must be used for expenses of administration, operation, and maintenance of the district's hospital, nursing home, or other facilities. The approval of the city and county shall be effected by an affirmative vote of their respective governing bodies.

Subd. 2. [RESOLUTION.] The district may authorize and borrow and issue the certificates of indebtedness on passage of a resolution specifying the amount and reasons for borrowing. The resolution must be adopted by a vote of at least two-thirds of its board members, excluding board members who may not vote. The board shall fix the amount, date, maturity, form, denomination, and other details of the certificates and the date and place for receipt of bids for their purchase. The board shall direct the secretary to give notice of the date and place fixed.

Subd. 3. [TERMS OF CERTIFICATES.] Certificates must become due and payable no later than two years from the date of issuance. Certificates must be negotiable and payable to the order of the payee and have a definite due date but may be payable on or before the due date. Certificates must be sold for at least par and accrued interest and must bear interest at not more than eight percent a year. Interest must be payable at maturity or earlier as the board determines. The proceeds of current county or city appropriations, revenues derived from the facilities of the district and future federal aids, and any other district funds that become available must be applied to the extent necessary to repay the certificates.

Sec. 34. [HOSPITALS, NURSING HOMES, AND OTHER FACILITIES; FINANCING AND LEASING.]

Subdivision 1. [FINANCING.] Subject to the approval of the city and the county, the hospital district may issue revenue bonds by resolution of its governing body to finance the acquisition and betterment of hospital, nursing home, and other facilities. This power is in addition to other powers granted by law and includes, but is not limited to, the payment of interest during construction and for a reasonable period after construction and the establishment

of reserves for bond payment and for working capital. The approval of the city and county shall be effected by an affirmative vote of their respective governing bodies. In connection with the acquisition of any existing hospital or nursing home facilities, the city, county, or district may retire outstanding indebtedness incurred to finance the construction of the existing facilities.

Subd. 2. [PLEDGE OF REVENUE.] The hospital district may pledge and appropriate the revenues to be derived from its operation of the facilities to pay the principal and interest on the bonds when due and to create and maintain reserves for that purpose, as a first and prior lien on the revenues or, if so provided in the bond resolution, as a lien on the revenues subordinate to the current payment of a fixed amount or percentage or all of the costs of running the facilities.

Sec. 35. [SECURITY FOR BONDS; PLEDGE OF CREDIT FOR BONDS.]

In the issuance of bonds the revenues or rentals must be pledged and appropriated by resolution for the use and benefit of bondholders generally, or may be pledged by the execution of an indenture or other appropriate instrument to a trustee for the bondholders. The site and facilities, or any part of them, may be mortgaged to the trustee. The governing body may enter into any covenants with the bondholders or trustee that it finds necessary and proper to assure the marketability of the bonds, the completion of the facilities, the segregation of the revenues or rentals and other funds pledged, and the sufficiency of funds for prompt and full payment of bonds and interest. The bonds shall be deemed to be payable wholly from the income of a revenue-producing convenience within the meaning of Minnesota Statutes, section 475.58, unless the appropriate governing body also pledges to their payment the full faith and credit of the county or city. In this event, notice of the intent to issue bonds with a pledge of the full faith and credit of the county or city specifying the maximum amount and the purpose of the bond issue shall be published and if, within ten days of the date of publication, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular election is filed with the secretary, the bonds may not be issued unless approved by a majority of the electors voting on the question at a legal election.

Sec. 36. [MISCELLANEOUS PROVISIONS.]

Bonds issued under sections 31 to 38 must be issued and sold as provided in Minnesota Statutes, chapter 475. If the bonds do not pledge the credit of the hospital district as provided in section 35, the governing body may negotiate their sale without advertisement for bids. They shall not be included in the net debt of any municipality or county, and are not subject to interest rate limitations, as

defined or referred to in Minnesota Statutes, sections 475.51 and 475.55.

Sec. 37. [LEASE OF FACILITIES TO NONPROFIT OR PUBLIC CORPORATION.]

Subject to section 31, subdivision 4, the hospital district may lease hospital, nursing home, or other facilities to be run by a nonprofit or public corporation as community facilities. The facilities must be open to all residents of the community on equal terms. The district may lease related medical facilities to any person, firm, association, or corporation, at rent and on conditions agreed. The term of the lease must not exceed 30 years. The lessee may be granted an option to renew the lease for an additional term or to purchase the facilities. The terms of renewal or purchase must be provided for in the lease. The hospital district may by resolution of its governing body agree to pay to the lessee annually, and to include in each annual budget for hospital and nursing home purposes, a fixed compensation for services agreed to be performed by the lessee in running the hospital, nursing home, or other facilities as a community facility; for any investment by the lessee of its own funds or funds granted or contributed to it in the construction or equipment of the hospital, nursing home, or other facilities; and for any auxiliary services to be provided or made available by the lessee through other facilities owned or operated by it. Services other than those provided for in the lease agreement may be compensated at rates agreed upon later. The lease agreement must, however, require the lessee to pay a net rental not less than the amount required to pay the principal and interest when due on all revenue bonds issued by the hospital district to acquire, improve, and refinance the leased facilities, and to maintain the agreed revenue bond reserve. The lease agreement must not grant the lessee an option to purchase the facilities at a price less than the amount of the bonds issued and interest accrued on them, except bonds and accrued interest paid from the net rentals before the option is exercised.

To the extent that the facilities are leased under this section for use by persons in private medical or dental or similar practice or other private business, a tax on that use must be imposed just as though the user were the owner of the space. It must be collected as provided in Minnesota Statutes, section 272.01, subdivision 2.

Sec. 38. [REFUNDING BONDS.]

The county, city, or hospital district may issue bonds by resolution of its governing body to refund bonds issued for the purposes stated in sections 27 to 40.

Sec. 39. [SWIFT COUNTY.]

The county of Swift may make appropriations in whatever amount it deems appropriate for capital acquisition, capital improvements, maintenance, and operating subsidy for a hospital district created under this act and any other hospital in the county notwithstanding Minnesota Statutes, sections 376.08 and 376.09 or any other limiting statutes or laws otherwise applicable to the county. The county may also guarantee any indebtedness incurred by or on behalf of the hospital and pledge its full faith and credit in support of it.

Sec. 40. [CITY OF BENSON.]

The city of Benson may make appropriations in whatever amount it deems appropriate for the purposes of capital acquisition, capital improvements, maintenance, and operating subsidy for a hospital district created under this act notwithstanding any limiting statutes or laws otherwise applicable to the city. The city may also guarantee any indebtedness incurred by or on behalf of the hospital and pledge its full faith and credit in support of it.

Sec. 41. [POWERS SUPPLEMENTARY.]

The powers granted by sections 27 to 40 are supplementary to and not in substitution for any other powers possessed by political subdivisions in connection with the acquisition, betterment, administration, operation, and maintenance of hospitals, nursing homes, and related facilities and programs or the creation of hospital districts.

Sec. 42. [KOOCHICHING COUNTY; ENTERPRISE ZONE.]

Notwithstanding Minnesota Statutes, section 469.167, subdivision 3, the commissioner of trade and economic development shall designate up to 400 acres in Koochiching county as an enterprise zone under sections 469.166 to 469.173. The applicant must submit an application to the commissioner containing at a minimum documentation required by section 469.169, subdivisions 1; 2, clauses (2), (3), (5), (6), and (7); and 5. The area designated must meet requirements of section 469.168, subdivisions 1, 2, and 3.

The application and application review procedures shall not comply with the provisions of Minnesota Statutes, sections 469.168, subdivision 4; 469.169, subdivisions 2, clauses (1) and (4); 3; 4; and 6.

Sec. 43. [APPLICATION.]

Sections 16 to 22 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 44. [REPEALER.]

Minnesota Statutes 1990, sections 383C.33; 383C.331; 383C.332; 383C.333; 383C.334; 383C.335; 383C.336; 383C.337; 383C.338; 383C.34, are repealed.

Sec. 45. [EFFECTIVE DATE.]

Sections 7 and 8 are effective the day after final enactment. Section 11 is effective the day after the Dakota county board complies with Minnesota Statutes, section 645.021, subdivision 3. Section 25 is effective the day after the governing body of the city of New Brighton complies with section 645.021, subdivision 3. Section 26 is effective the day after the governing body of the city of Minneapolis complies with section 645.021, subdivision 3. Sections 27 to 41 are effective the day after the county board of Swift county and the governing body of the city of Benson comply with section 645.021, subdivision 3. Section 44 is effective the day after the county board of St. Louis county complies with section 645.021, subdivision 3."

Delete the title and insert:

"A bill for an act relating to local government; setting fees; providing for certain publications and notices; setting conditions for town officers; requiring boundary information; permitting certain accounts; providing for members of metropolitan bodies; providing certain county and city powers; amending Minnesota Statutes 1990, sections 171.06, subdivision 4; 272.46, subdivision 1; 272.47; 279.09; 281.13; 281.23, subdivision 3; 367.03, subdivision 1; 367.05, subdivision 1; 375.17; 375B.03; 465.79, subdivisions 2 and 4; 471.562, subdivision 3; 471.563; 473.303, subdivisions 2 and 3; 473.3991, subdivisions 2 and 4; 473.553, subdivision 3; 473.604, subdivision 1; 505.02, subdivision 1; 505.03, subdivision 1; Laws 1988, chapter 719, article 16, section 1, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 383D and 473; repealing Minnesota Statutes 1990, sections 383C.33; 383C.331; 383C.332; 383C.333; 383C.334; 383C.335; 383C.336; 383C.337; 383C.338; and 383C.34."

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

S. F. No. 368, A bill for an act relating to motor vehicles; requiring

the appointment of officers of statutory and home rule charter cities as deputy registrars in certain circumstances; amending Minnesota Statutes 1990, section 168.33, subdivision 2.

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. 64, 654, 1226, 1323, 1359, 1442, 1542 and 1635 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 81 and 368 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Ostrom, Bodahl, Thompson, Lourey and Nelson, S., introduced:

H. F. No. 1664, A bill for an act relating to local government aids; establishing a separate local government aid formula for cities with a population less than 1,000; amending Minnesota Statutes 1990, sections 477A.011, subdivisions 1a, 15, 20, and by adding subdivisions; and 477A.013, by adding a subdivision.

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

SPECIAL ORDERS

H. F. No. 592 was reported to the House.

Rodosovich moved that H. F. No. 592 be temporarily laid over on Special Orders. The motion prevailed.

H. F. No. 425, A bill for an act relating to state lands; directing sale of two tracts of state-owned land in St. Louis county.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kinkel	Olson, K.	Smith
Anderson, I.	Frerichs	Knickerbocker	Omann	Solberg
Anderson, R.	Garcia	Koppendrayer	Onnen	Sparby
Anderson, R. H.	Girard	Krinkie	Orenstein	Stanius
Battaglia	Goodno	Krueger	Orfield	Steensma
Bauerly	Greenfield	Leppik	Osthoff	Sviggum
Beard	Gruenes	Lieder	Ostrom	Swenson
Begich	Gutknecht	Limmer	Ozment	Thompson
Bertram	Hanson	Long	Pauly	Tompkins
Bettermann	Hartle	Lynch	Pellow	Trimble
Bishop	Hasskamp	Macklin	Pelowski	Tunheim
Blatz	Haukoos	Mariani	Peterson	Uphus
Bodahl	Hausman	Marsh	Pugh	Valento
Boo	Heir	McEachern	Reding	Vellenga
Brown	Henry	McGuire	Rest	Wagenius
Carlson	Hufnagle	McPherson	Rice	Waltman
Carruthers	Hugoson	Milbert	Rodosovich	Weaver
Clark	Jacobs	Morrison	Rukavina	Wejcman
Cooper	Janezich	Munger	Runbeck	Welker
Dauner	Jefferson	Murphy	Sarna	Welle
Davids	Jennings	Nelson, K.	Schafer	Wenzel
Dawkins	Johnson, A.	Nelson, S.	Scheid	Winter
Dempsey	Johnson, R.	Newinski	Schreiber	Spk. Vanasek
Dille	Johnson, V.	O'Connor	Seaberg	
Dorn	Kahn	Ogren	Segal	
Erhardt	Kalis	Olsen, S.	Simoneau	
Farrell	Kelso	Olson, E.	Skoglund	

The bill was passed and its title agreed to.

H. F. No. 980, A bill for an act relating to the legislature; authorizing joint legislative commissions to issue subpoenas; amending Minnesota Statutes 1990, section 3.153.

The bill was read for 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:

Abrams	Bertram	Carruthers	Dorn	Gruenes
Anderson, I.	Bettermann	Clark	Erhardt	Gutknecht
Anderson, R.	Bishop	Cooper	Farrell	Hanson
Anderson, R. H.	Blatz	Dauner	Frederick	Hartle
Battaglia	Bodahl	Davids	Frerichs	Hasskamp
Bauerly	Boo	Dawkins	Garcia	Haukoos
Beard	Brown	Dempsey	Girard	Hausman
Begich	Carlson	Dille	Greenfield	Heir

Henry	Leppik	Ogren	Rodosovich	Tompkins
Hufnagle	Lieder	Olsen, S.	Rukavina	Trimble
Hugoson	Limmer	Olson, E.	Runbeck	Tunheim
Jacobs	Long	Olson, K.	Sarna	Uphus
Janezich	Lynch	Omann	Schafer	Valento
Jaros	Macklin	Onnen	Scheid	Vellenga
Jefferson	Mariani	Orenstein	Schreiber	Wagenius
Jennings	Marsh	Orfield	Seaberg	Waltman
Johnson, A.	McEachern	Osthoff	Segal	Weaver
Johnson, R.	McGuire	Ostrom	Simoneau	Wejcman
Johnson, V.	McPherson	Ozment	Skoglund	Welker
Kahn	Milbert	Pauly	Smith	Welle
Kalis	Morrison	Pellow	Solberg	Wenzel
Kelso	Munger	Pelowski	Sparby	Winter
Kinkel	Murphy	Peterson	Stanius	Spk. Vanasek
Knickerbocker	Nelson, K.	Pugh	Steensma	
Koppendrayer	Nelson, S.	Reding	Sviggum	
Krinkie	Newinski	Rest	Swenson	
Krueger	O'Connor	Rice	Thompson	

The bill was passed and its title agreed to.

S. F. No. 539 was reported to the House.

Bishop moved to amend S. F. No. 539, as follows:

Page 1, line 19, delete "raise a rebuttable presumption" and insert "permit an inference"

Page 1, after line 20, insert "Evidence of an agreement between the supplier and a competitor of the reseller fixing a specific price or price level is not required to establish a prima facie case of violation of section 325D.51."

Amend the title accordingly

Stanius moved that S. F. No. 539 be re-referred to the Committee on Judiciary.

A roll call was requested and properly seconded.

The question was taken on the Stanius motion and the roll was called. There were 54 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abrams	Boo	Frerichs	Haukoos	Knickerbocker
Anderson, R.	Davids	Girard	Heir	Koppendrayer
Anderson, R. H.	Dempsey	Goodno	Henry	Krinkie
Bettermann	Dille	Gruenes	Hufnagle	Leppik
Bishop	Erhardt	Gutknecht	Hugoson	Limmer
Blatz	Frederick	Hartle	Johnson, V.	Lynch

Macklin	Omann	Runbeck	Stanius	Valento
McPherson	Onnen	Schafer	Sviggum	Waltman
Morrison	Ozment	Schreiber	Swenson	Weaver
Newinski	Pauly	Seaberg	Tompkins	Welker
Olsen, S.	Pellow	Smith	Uphus	

Those who voted in the negative were:

Anderson, I.	Garcia	Krueger	Olson, E.	Simoneau
Battaglia	Greenfield	Lasley	Olson, K.	Skoglund
Bauerly	Hanson	Lieder	Orenstein	Solberg
Beard	Hasskamp	Long	Osthoff	Sparby
Begich	Hausman	Lourey	Ostrom	Steensma
Bertram	Jacobs	Mariani	Pelowski	Thompson
Bodahl	Janezich	Marsh	Peterson	Trimble
Brown	Jaros	McEachern	Pugh	Tunheim
Carlson	Jefferson	McGuire	Reding	Vellenga
Carruthers	Jennings	Milbert	Rest	Wagenius
Clark	Johnson, A.	Munger	Rice	Wejcman
Cooper	Johnson, R.	Murphy	Rodosovich	Welle
Dauner	Kahn	Nelson, K.	Rukavina	Wenzel
Dawkins	Kalis	Nelson, S.	Sarna	Winter
Dorn	Kelso	O'Connor	Scheid	Spk. Vanasek
Farrell	Kinkel	Ogren	Segal	

The motion did not prevail.

Stanius moved that S. F. No. 539 be returned to General Orders.

A roll call was requested and properly seconded.

The question was taken on the Stanius motion and the roll was called. There were 54 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Hugoson	Newinski	Smith
Anderson, R.	Frerichs	Johnson, V.	Olsen, S.	Stanius
Anderson, R. H.	Girard	Knickerbocker	Omann	Sviggum
Bettermann	Goodno	Koppendrayer	Onnen	Swenson
Bishop	Gruenes	Krinkie	Ozment	Tompkins
Blatz	Gutknecht	Leppik	Pauly	Uphus
Boo	Hartle	Limmer	Pellow	Valento
Davids	Haukoos	Lynch	Runbeck	Waltman
Dempsey	Heir	Macklin	Schafer	Weaver
Dille	Henry	Marsh	Schreiber	Welker
Erhardt	Hufnagle	McPherson	Seaberg	

Those who voted in the negative were:

Anderson, I.	Carlson	Garcia	Jefferson	Krueger
Battaglia	Carruthers	Greenfield	Jennings	Lasley
Bauerly	Clark	Hanson	Johnson, A.	Lieder
Beard	Cooper	Hasskamp	Johnson, R.	Long
Begich	Dauner	Hausman	Kahn	Lourey
Bertram	Dawkins	Jacobs	Kalis	Mariani
Bodahl	Dorn	Janezich	Kelso	McEachern
Brown	Farrell	Jaros	Kinkel	McGuire

Milbert	Olson, E.	Pugh	Segal	Tunheim
Morrison	Olson, K.	Reding	Simoneau	Vellenga
Munger	Orenstein	Rest	Skoglund	Wagenius
Murphy	Orfield	Rice	Solberg	Wejcman
Nelson, K.	Osthoff	Rodosovich	Sparby	Welle
Nelson, S.	Ostrom	Rukavina	Steensma	Wenzel
O'Connor	Pelowski	Sarna	Thompson	Winter
Ogren	Peterson	Scheid	Trimble	Spk. Vanasek

The motion did not prevail.

The question recurred on the Bishop amendment to S. F. No. 539. The motion prevailed and the amendment was adopted.

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

S. F. No. 539, A bill for an act relating to commerce; restraint of trade; providing an evidentiary presumption in resale price maintenance cases; proposing coding for new law in Minnesota Statutes, chapter 325D.

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 84 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Abrams	Farrell	Krueger	Olson, E.	Solberg
Anderson, I.	Frederick	Lasley	Olson, K.	Sparby
Battaglia	Garcia	Leppik	Orenstein	Steensma
Bauerly	Greenfield	Lieder	Orfield	Swenson
Beard	Hanson	Long	Osthoff	Thompson
Begich	Hasskamp	Lourey	Ostrom	Trimble
Bertram	Hausman	Mariani	Pelowski	Tunheim
Bishop	Jacobs	Marsh	Peterson	Uphus
Bodahl	Janezich	McEachern	Pugh	Vellenga
Brown	Jaros	McGuire	Rice	Wagenius
Carlson	Jefferson	Milbert	Rodosovich	Weaver
Carruthers	Jennings	Munger	Rukavina	Wejcman
Clark	Johnson, A.	Murphy	Sarna	Welle
Cooper	Johnson, R.	Nelson, K.	Scheid	Wenzel
Dauner	Kahn	Nelson, S.	Segal	Winter
Dawkins	Kelso	O'Connor	Simoneau	Spk. Vanasek
Dorn	Kinkel	Ogren	Skoglund	

Those who voted in the negative were:

Anderson, R.	Erhardt	Haukoos	Knickerbocker	Morrison
Anderson, R. H.	Frerichs	Heir	Koppendrayer	Newinski
Bettermann	Girard	Henry	Krinkie	Olsen, S.
Blatz	Goodno	Hufnagle	Limmer	Omann
Boo	Gruenes	Hugoson	Lynch	Onnen
Davids	Gutknecht	Johnson, V.	Macklin	Ozment
Dille	Hartle	Kalis	McPherson	Pauly

Pellow	Schreiber	Stanius	Valento
Runbeck	Seaberg	Sviggum	Waltman
Schafer	Smith	Tompkins	Welker

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

The Speaker called Krueger to the Chair.

H. F. No. 592 which was temporarily laid over earlier today was again reported to the House.

Brown moved that H. F. No. 592 be returned to General Orders. The motion prevailed.

H. F. No. 1201, A bill for an act relating to local government; permitting police and fire civil service commissions to expand certified lists in certain circumstances; amending Minnesota Statutes 1990, sections 419.06; and 420.07.

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

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Olsen, S.	Segal
Anderson, I.	Frerichs	Knickerbocker	Olson, E.	Simoneau
Anderson, R.	Garcia	Koppendrayer	Olson, K.	Skoglund
Anderson, R. H.	Girard	Krinkie	Omann	Smith
Battaglia	Goodno	Krueger	Onnen	Solberg
Bauerly	Greenfield	Lasley	Orenstein	Sparby
Beard	Gutknecht	Leppik	Orfield	Stanius
Begich	Hanson	Lieder	Osthoff	Steensma
Bertram	Hartle	Limmer	Ostrom	Swenson
Bettermann	Hasskamp	Long	Ozment	Thompson
Bishop	Haukoos	Lourey	Pauly	Tompkins
Blatz	Hausman	Lynch	Pellow	Trimble
Bodahl	Heir	Macklin	Pelowski	Tunheim
Boo	Henry	Mariani	Peterson	Uphus
Brown	Hufnagle	Marsh	Pugh	Valento
Carlson	Hugoson	McEachern	Reding	Vellenga
Carruthers	Jacobs	McGuire	Rest	Wagenius
Clark	Janezich	Milbert	Rice	Waltman
Cooper	Jaros	Morrison	Rodosovich	Weaver
Dauner	Jefferson	Munger	Rukavina	Wejcman
Davids	Jennings	Murphy	Runbeck	Welker
Dawkins	Johnson, A.	Nelson, K.	Sarna	Welle
Dille	Johnson, R.	Nelson, S.	Schafer	Wenzel
Dorn	Johnson, V.	Newinski	Scheid	Winter
Erhardt	Kahn	O'Connor	Schreiber	Spk. Vanasek
Farrell	Kalis	Ogren	Seaberg	

Those who voted in the negative were:

McPherson Sviggum

The bill was passed and its title agreed to.

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

The Speaker resumed the Chair.

H. F. No. 540 was reported to the House.

Stanius offered an amendment to H. F. No. 540.

POINT OF ORDER

Skoglund raised a point of order pursuant to rule 3.09 that the Stanius amendment was not in order. The Speaker ruled the point of order well taken and the amendment out of order.

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

The Speaker called Krueger to the Chair.

POINT OF ORDER

Osthoff raised a point of order pursuant to section 102 of "Mason's Manual of Legislative Procedure" relating to a member having the right to speak only once on a question. Speaker pro tempore Krueger ruled the point of order not well taken.

Begich moved that H. F. No. 540 be returned to General Orders.

A roll call was requested and properly seconded.

The question was taken on the Begich motion and the roll was called. There were 79 yeas and 52 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Beard	Bodahl	Dorn	Gruenes
Anderson, R.	Begich	Boo	Erhardt	Gutknecht
Anderson, R. H.	Bertram	Cooper	Frederick	Hartle
Battaglia	Bettermann	Davids	Girard	Hasskamp
Bauerly	Blatz	Dille	Goodno	Haukoos

Heir	Krinkie	Murphy	Reding	Swenson
Hufnagle	Krueger	Nelson, S.	Rodosovich	Thompson
Hugoson	Lasley	Newinski	Rukavina	Tompkins
Jacobs	Lieder	Olson, E.	Runbeck	Uphus
Janezich	Limmer	Omann	Schafer	Valento
Jennings	Lourey	Onnen	Schreiber	Waltman
Johnson, R.	Lynch	Ostrom	Smith	Weaver
Johnson, V.	Macklin	Ozment	Sparby	Welker
Kalis	Marsh	Pellow	Stanius	Wenzel
Kinkel	McEachern	Pelowski	Steensma	Winter
Koppendrayer	McPherson	Peterson	Sviggum	

Those who voted in the negative were:

Abrams	Hanson	McGuire	Osthoff	Solberg
Bishop	Hausman	Milbert	Pauly	Trimble
Brown	Henry	Morrison	Pugh	Tunheim
Carlson	Jefferson	Munger	Rest	Vellenga
Carruthers	Johnson, A.	Nelson, K.	Rice	Wagenius
Clark	Kahn	O'Connor	Sarna	Wejcman
Dauner	Kelso	Ogren	Scheid	Welle
Dawkins	Knickerbocker	Olsen, S.	Seaberg	Spk. Vanasek
Farrell	Leppik	Olson, K.	Segal	
Garcia	Long	Orenstein	Simoneau	
Greenfield	Mariani	Orfield	Skoglund	

The motion prevailed and H. F. No. 540 was returned to General Orders.

Long moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Long moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Gruenes moved that the name of Smith be added as an author on H. F. No. 1663. The motion prevailed.

Simoneau moved that H. F. No. 897, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Reding moved that H. F. No. 401, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Bauerly moved that H. F. No. 1330 be returned to its author. The motion prevailed.

ADJOURNMENT

Long moved that when the House adjourns today it adjourn until 2:30 p.m., Monday, April 29, 1991. The motion prevailed.

Long moved that the House adjourn. The motion prevailed, and Speaker pro tempore Krueger declared the House stands adjourned until 2:30 p.m., Monday, April 29, 1991.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1991

FORTIETH DAY

SAINT PAUL, MINNESOTA, FRIDAY, APRIL 26, 1991

The Senate met on Friday, April 26, 1991, which was the Fortieth Legislative Day of the Seventy-seventh Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1991

FORTY-FIRST DAY

SAINT PAUL, MINNESOTA, SATURDAY, APRIL 27, 1991

The Senate met on Saturday, April 27, 1991, which was the Forty-first Legislative Day of the Seventy-seventh Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1991

FORTY-SECOND DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 29, 1991

The House of Representatives convened at 2:30 p.m. and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by Monsignor James D. Habiger, House Chaplain.

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

The roll was called and the following members were present:

Abrams	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R. H.	Girard	Koppendrayer	Omann	Solberg
Battaglia	Goodno	Krinkie	Onnen	Sparby
Bauerly	Greenfield	Krueger	Orenstein	Stanius
Beard	Gruenes	Lasley	Orfield	Steensma
Begich	Gutknecht	Leppik	Osthoff	Sviggum
Bertram	Hanson	Lieder	Ostrom	Swenson
Bettermann	Hartle	Limmer	Ozment	Thompson
Bishop	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Rodosovich	Wejcman
Dauner	Jaros	Milbert	Rukavina	Welker
Davids	Jefferson	Morrison	Runbeck	Welle
Dawkins	Jennings	Munger	Sarna	Wenzel
Dempsey	Johnson, A.	Murphy	Schafer	Winter
Dille	Johnson, R.	Nelson, K.	Scheid	Spk. Vanasek
Dorn	Johnson, V.	Nelson, S.	Schreiber	
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

A quorum was present.

Olson, E., and Tompkins were excused.

The Chief Clerk proceeded to read the Journals of the preceding

days. Frederick 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 STANDING COMMITTEES

Kalis from the Committee on Transportation to which was referred:

H. F. No. 159, A bill for an act relating to transportation; authorizing department of transportation to assist towns in financing engineering and approach work for bridge projects under certain conditions; amending Minnesota Statutes 1990, section 161.39, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 161.082, subdivision 2a, is amended to read:

Subd. 2a. (a) An amount equal to 25 percent of the county turnback account must be expended, within counties having two or more towns, on town road bridge structures that are ten feet or more in length and on town road culverts that replace existing town road bridges. In addition, if the present bridge structure is less than ten feet in length but a hydrological survey indicates that the replacement bridge structure or culvert must be ten feet or more in length, then the bridge or culvert is eligible for replacement funds. The expenditures on bridge structures and culverts may be on a matching basis, and if on a matching basis, not more than 90 percent of the cost of a bridge structure or culvert may be paid from the county turnback account. When bridge approach construction work exceeds $10,000 in costs, the town shall be eligible for financial assistance from the town bridge account. Financial assistance shall be limited to 90 percent of the cost of the bridge approach work that is in excess of $10,000 and shall be requested by resolution of the county board.

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

Delete the title and insert:

"A bill for an act relating to transportation; authorizing certain assistance for bridge approaches from the town bridge account;

amending Minnesota Statutes 1990, section 161.082, subdivision 2a."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 587, A bill for an act relating to security guards; requiring the registration of certain employees of private detectives and protective agents, and proprietary employers; precluding local regulation of private detectives and protective agents; providing penalties; amending Minnesota Statutes 1990, sections 326.32, subdivisions 13 and 14; 326.3341; 326.336, subdivisions 1 and 2; 326.3361, subdivisions 1, 2, and 3; 326.3381, subdivisions 1a, 2, and 3; 326.3386, subdivision 2; and 326.3388; proposing coding for new law in Minnesota Statutes, chapter 326.

Reported the same back with the following amendments:

Page 3, line 18, after "an" insert "exclusive"

Page 3, line 19, before the semicolon insert "or an attorney"

Page 4, line 16, delete "or gross misdemeanor assault"

Page 6, after line 30, insert:

"Upon denial of a registration application, the board shall notify the applicant of the denial and the facts and circumstances that constitute the denial. The board shall advise the applicant of the right to a contested case hearing under chapter 14."

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. 603, A bill for an act relating to consumer protection; regulating consumer credit information procedures; providing for the regulation of credit service organizations; providing penalties;

proposing coding for new law in Minnesota Statutes, chapters 325G and 332.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [332.52] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 9.

Subd. 2. [BUYER.] "Buyer" means any individual who is solicited to purchase or who purchases the services of a credit services organization.

Subd. 3. [CREDIT SERVICES ORGANIZATION.] (a) "Credit services organization" means any person that, with respect to the extension of credit by others, sells, provides, performs, or represents that the person will sell, provide, or perform, in return for the payment of money or other valuable consideration, any of the following services:

(1) improve a buyer's credit record, history, or rating;

(2) obtain an extension of credit for a buyer; or

(3) provide advice or assistance to a buyer with regard to either clause (1) or (2).

(b) "Credit services organization" *does not include:*

(1) any person authorized to make loans or extensions of credit under the laws of this state or the United States, if the person is subject to regulation and supervision by this state or the United States or a lender approved by the United States Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act;

(2) any bank, savings bank, or savings and loan institution whose deposits or accounts are eligible for insurance by the Federal Deposit Insurance Corporation or a subsidiary of the bank, savings bank, or savings and loan institution;

(3) any credit union, federal credit union, or out-of-state credit union doing business in this state;

(4) any nonprofit organization exempt from taxation under section

501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1990;

(5) any person licensed as a prorating agency under the laws of this state if the person is acting within the course and scope of that license;

(6) any person licensed as a real estate broker by this state if the person is acting within the course and scope of that license;

(7) any person licensed as a collection agency under the laws of this state if the person is acting within the course and scope of that license;

(8) any person licensed to practice law in this state if the person renders services within the course and scope of practice as an attorney;

(9) any broker-dealer registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission if the broker-dealer is acting within the course and scope of that regulation; or

(10) any consumer reporting agency as defined in the federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 to 1681t, as amended through December 31, 1990.

Subd. 4. [EXTENSION OF CREDIT.] "Extension of credit" means the right, offered or granted primarily for personal, family, or household purposes, to defer payment of debt or to incur debt and defer its payment.

Sec. 2. [332.53] [WAIVER OF RIGHTS.]

Any waiver by a buyer of sections 1 to 9 is void. Any attempt by a credit services organization to have a buyer waive rights provided under sections 1 to 9 is a violation of sections 1 to 9. In any proceeding involving sections 1 to 9, the burden of proving an exemption or an exception from a definition is upon the person claiming it.

Sec. 3. [332.54] [REGISTRATION; FEES.]

Subdivision 1. [FILING.] It is unlawful for any credit services organization to offer, advertise, or execute or cause to be executed by a consumer any contract in this state unless the credit services organization at the time of the offer, advertisement, sale, or execution of a contract has been properly registered with the commissioner. The commissioner may charge the credit services

organization a reasonable fee not exceeding $100 to cover the costs of filing.

Subd. 2. [DISCLOSURE.] The registration must contain the following information:

(1) the name and address of the credit services organization;

(2) the name and address of the registered agent authorized to accept service of process on behalf of the credit services organization;

(3) the name and address of any person who directly or indirectly owns or controls a ten percent or greater interest in the credit services organization;

(4) the name and address of the surety company that issued the bond required under section 4; and

(5) full disclosure of any litigation or unresolved complaint filed within the preceding five years with the state, any other state, or the United States relating to the operation of the credit services organization, or a notarized statement that there has been no litigation or unresolved complaint filed within the preceding five years with the state, any other state, or the United States relating to the operation of the credit services organization.

Subd. 3. [ADDITIONAL INFORMATION.] The credit services organization must attach to the registration statement a copy of the contract which the credit services organization intends to execute with its consumers and evidence of the required bond.

Subd. 4. [UPDATE OF INFORMATION.] The credit services organization must update the registration statement required under this section not later than 90 days after the date from which a change in the information required in the statement occurs.

Subd. 5. [BUYER INSPECTION.] Each credit services organization registering under this section must maintain a copy of the registration statement in its files. The credit services organization must allow a buyer to inspect the registration statement on request.

Sec. 4. [332.55] [BOND.]

A credit services organization must submit to the commissioner at the time of registration, a surety bond of $10,000 to be approved by the attorney general and in which an insurance company, which is authorized by the state of Minnesota to transact the business of fidelity and surety insurance, is a surety. The credit services organization must be the obligor. The bond must benefit the state of

Minnesota and any person who may have a cause of action against the obligor arising out of the obligor's activities as a credit services organization. The commissioner may accept a deposit in cash, or securities that may be legally purchased by savings banks or for trust funds of an aggregate market value equal to the bond requirement, in lieu of the surety bond. The cash or securities must be deposited with the state treasurer.

Sec. 5. [332.56] [PROHIBITED ACTS.]

Subdivision 1. [REQUIREMENTS; PROHIBITIONS.] A credit services organization, its salespersons, agents, and representatives, and independent contractors who sell or attempt to sell the services of a credit services organization may not do any of the following:

(1) charge or receive any money or other valuable consideration prior to full and complete performance of the services the credit services organization has agreed to perform for the buyer;

(2) charge or receive any money or other valuable consideration solely for referral of the buyer to a retail seller who will or may extend credit to the buyer if the credit that is or will be extended to the buyer is upon substantially the same terms as those available to the general public;

(3) make, counsel, or advise any buyer to make, any statement with respect to a buyer's credit worthiness, credit standing, or credit capacity that is untrue or misleading or that should be known by the exercise of reasonable care to be untrue or misleading to a credit reporting agency or to any person who has extended credit to a buyer or to whom a buyer is applying for an extension of credit; or

(4) make or use any untrue or misleading representations in the offer or sale of the services of a credit services organization or engage, directly or indirectly, in any act, practice, or course of business that operates or would operate as fraud or deception upon any person in connection with the offer or sale of the services of a credit services organization.

Subd. 2. [SALESPERSONS; AGENTS.] If a credit services organization is in compliance with subdivision 1, clause (1), the salesperson, agent, or representative who sells the services of that organization is not required to obtain a surety bond.

Sec. 6. [332.57] [DISCLOSURE STATEMENT.]

Subdivision 1. [REQUIREMENT.] Before the execution of a contract or agreement between the buyer and a credit services organization or before the receipt by the credit services organization of any money or other valuable consideration, whichever occurs first, the

credit services organization shall provide the buyer with a statement in writing containing all of the information required by subdivision 2. The credit services organization shall maintain on file for a period of two years an exact copy of the statement, personally signed by the buyer, acknowledging receipt of a copy of the statement.

Subd. 2. [CONTENTS.] The disclosure statement required under subdivision 1 must be printed in boldface and in at least ten point type and must include the following statement:

"CONSUMER CREDIT FILE RIGHTS UNDER MINNESOTA AND FEDERAL LAW

You have a right to obtain a copy of your credit report from a credit bureau. You may be charged a reasonable fee. There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 30 days. The credit bureau must provide someone to help you interpret the information in your credit file.

You have a right to dispute inaccurate information by contacting the credit bureau directly. However, neither you nor any "credit repair" company or credit services organization has the right to have accurate, current, and verifiable information removed from your credit bureau report. Under the federal Fair Credit Reporting Act, the credit bureau must remove accurate, negative information from your report only if it is over seven years old. Bankruptcy can be reported for ten years.

You have a right to sue a credit repair company that violates Minnesota's credit services organization act. This law prohibits deceptive practices by credit repair companies and gives you a right to cancel your contract for any reason within five working days from the date you signed it.

Credit bureaus are required to follow reasonable procedures to ensure that creditors report information accurately. However, mistakes may occur.

You may, on your own, notify a credit bureau in writing that you dispute the accuracy of information in your credit file. The credit bureau must then reinvestigate and modify or remove inaccurate information. The credit bureau may not charge any fee for this service. Any pertinent information and copies of any documents you have concerning an error should be given to the credit bureau.

If reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the credit bureau to keep in your file, explaining why you think the record is inaccurate. The credit

bureau must include your statement about disputed information with any reports it issues about you."

Sec. 7. [332.58] [CONTRACT.]

Subdivision 1. [REQUIREMENTS.] Each contract between the buyer and a credit services organization for the purchase of the services of the credit services organization must be in writing, dated, and signed by the buyer and must include the following:

(1) a conspicuous statement in boldface type, in immediate proximity to the space reserved for the signature of the buyer, as follows: "If you, the buyer, have been denied credit within the last 30 days, you may obtain a free copy of the consumer credit report from the consumer reporting agency. You also have the right to dispute inaccurate information in a report. You may cancel this contract at any time prior to midnight of the fifth day after the date of the transaction. See the attached notice of cancellation form for an explanation of this right";

(2) the terms and conditions of payment, including the total of all payments to be made by the buyer, whether to the credit services organization or to some other person;

(3) a full and detailed description of the services to be performed by the credit services organization for the buyer, including all guarantees and all promises of full or partial refunds, and the estimated date by which the services are to be performed or the estimated length of time for performing the services;

(4) the credit services organization's principal business address and the name and address of its agent in this state authorized to receive service of process; and

(5) with respect to the previous calendar year or the time period the credit services organization has been in business, whichever is shorter, the percentage of the credit services organization's customers for whom the credit services organization has fully and completely performed the services the credit services organization agreed to perform for the buyer.

Subd. 2. [NOTICE OF CANCELLATION.] The contract must be accompanied by a completed form in duplicate, captioned "Notice of Cancellation" that must be attached to the contract, is easily detachable, and contains in boldface type the following statement written in the same language as used in the contract:

"Notice of Cancellation

You may cancel this contract without any penalty or obligation within five days from the date the contract is signed.

If you cancel this contract, any payment made by you under this contract will be returned within ten days following receipt by the seller of your cancellation notice.

To cancel this contract, mail or deliver a signed dated copy of this cancellation notice, or any other written notice to .....(name of seller)..... at .....(address of seller)....., ...(place of business)..... not later than midnight .....(date).....

I hereby cancel this transaction,

.....(date).....

...(purchaser's signature)..."

Subd. 3. [BUYER'S COPY.] The credit services organization shall give to the buyer a copy of the completed contract and all other documents the credit services organization requires the buyer to sign at the time that they are signed.

Sec. 8. [332.59] [VIOLATIONS.]

Any person who violates sections 1 to 7 is guilty of a misdemeanor. The commissioner of commerce may bring a civil action or proceeding against a person who violates any provision of sections 1 to 7. A violation of sections 1 to 7 is a violation of section 325F.69, subdivision 1, and the provisions of section 8.31 apply. Sections 1 to 9 do not limit or restrict the right of any person to pursue any appropriate remedy for a violation of sections 1 to 9.

Sec. 9. [332.60] [DAMAGES.]

A buyer suffering damages as a result of a violation of sections 1 to 7 by a credit services organization may bring an action for recovery of damages. Judgment must be entered for actual damages, but in no case shall the amount be less than the amount paid by the buyer to the credit services organization, plus reasonable attorney fees and costs. An award may also be entered for punitive damages. The remedies provided under sections 1 to 9 are in addition to any other procedures or remedies for any violation or conduct otherwise provided by law."

Amend the title as follows:

Page 1, line 6, delete "chapters 325G and" and insert "chapter"

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. 612, A bill for an act relating to railroads; allowing access over railroad right-of-way to landlocked adjoining properties; amending Minnesota Statutes 1990, section 219.35.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 219.35, is amended to read:

219.35 [CROSSINGS AND DRAINS.]

Persons owning lands abutting upon a railroad may construct, at their own expense, crossings under, over, or across the railroad and drains under and across the railroad at places and in ways that do not obstruct or impair the use of the railroad. ~~These crossings and drains must be maintained and kept in repair by the railroad company.~~ Before constructing them, the owner of the land shall serve on the nearest station agent of the company a notice, stating in detail the work which the landowner desires to perform, and the company may construct that work; but the crossings and drains may not be opened for the use of the landowner until the landowner pays the reasonable cost of construction. These crossings and drains must be maintained and kept in repair by the railroad company; however, the railroad may require reimbursement from the abutting landowners of its reasonable and accountable maintenance and repair costs when the crossing is initiated by the landowners and agreed to in advance by the railroad company. The railroad company shall ensure, allow, and not prohibit reasonable egress and ingress across a crossing except as may be required for maintenance of the crossing or for normal operation of the railroad.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

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

The report was adopted.

Osthoff from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

H. F. No. 635, A bill for an act relating to elections; setting certain redistricting goals and deadlines; authorizing certain actions by voters; amending Minnesota Statutes 1990, sections 204B.135; 204B.14, subdivision 3, and by adding a subdivision; and 375.025, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM LEVY.] (a) The levy authorized by section 124A.23, subdivision 2, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy as a percentage of net tax capacity, the amount that will be raised by that local tax rate in the first year it is to be levied, and that the local tax rate shall be used to finance school operations. The ballot shall designate the specific number of years for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the levy proposed by (petition to) the board of ....., School District No. .., be approved?"

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the

referendum to each taxpayer at the address listed on the school district's current year's assessment roll, a notice of the referendum and the proposed levy increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: "In 1989 the legislature reduced property taxes for education by increasing the state share of funding for education. However, state aid for cities and townships was reduced by a corresponding amount. As a result, property taxes for cities and townships may increase. Passage of this referendum will result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A levy approved by the voters of the district pursuant to paragraph (a) must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce a levy for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

(g) Any referendum under this section authorized by law to be held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) shall be prepared and delivered by first class mail at least 20 days before the referendum.

Sec. 2. Minnesota Statutes 1990, section 202A.14, subdivision 1, is amended to read:

Subdivision 1. [TIME AND MANNER OF HOLDING; POSTPONEMENT.] At 7:30 p.m. on the ~~fourth~~ first Tuesday ~~in February~~ after the first Monday in March in every state general election year there shall be held for every election precinct a party caucus in the manner provided in sections 202A.14 to 202A.19, except that in the event of severe weather a major political party may request the secretary of state to postpone caucuses. If a major political party makes a request, or upon the secretary of state's own initiative, after consultation with all major political parties and on the advice of the federal weather bureau and the department of transportation, the secretary of state may declare precinct caucuses to be postponed for a week in counties where weather makes travel especially dangerous. The secretary of state shall submit a notice of the postponement to news media covering the affected counties by 6:00 p.m. on the scheduled day of the caucus. A postponed caucus may also be postponed pursuant to this subdivision.

Sec. 3. Minnesota Statutes 1990, section 203B.02, is amended by adding a subdivision to read:

Subd. 1a. [EXPERIMENTAL PROCEDURES.] A county board may authorize any eligible voter in the county to vote by absentee ballot without qualification by submitting a written request to the county auditor between August 1, 1991, and November 30, 1992, notwithstanding the provisions of subdivision 1. The county auditor shall notify the secretary of state immediately after the adoption of such a resolution of authorization by the county board.

The application for absentee ballots must include the voter's name, residence address in the county, address to which the ballots are to be mailed, the date of the request, and the voter's signature.

The county auditor shall maintain a record of the number of applications for absentee ballots submitted under this subdivision. No later than January 15, 1993, the secretary of state shall prepare a report to the legislature on the implementation of this subdivision.

Assistance to voters in marking absentee ballots is subject to section 204C.15, subdivision 1.

Sec. 4. Minnesota Statutes 1990, section 204B.135, is amended to read:

204B.135 [REDISTRICTING OF ELECTION DISTRICTS.]

Subdivision 1. [CITIES WITH WARDS.] A city that elects its council members by wards may not redistrict those wards in a year ending in one or before the legislature has been redistricted in a year ending in two. The wards must be redistricted within 45 days after the legislature has been redistricted or ~~by May 10~~ at least 19 weeks before the state primary election in the year ending in two, whichever is first.

Subd. 2. [OTHER ELECTION DISTRICTS.] For purposes of this subdivision, "local government election district" means a county district, park and recreation district, school district, or soil and water conservation district. Local government election districts, other than city wards covered by subdivision 1, may not be redistricted until precinct boundaries are reestablished under section 204B.14, subdivision 3, paragraph (c)~~, or by May 10 in a year ending in two, whichever comes first~~. Election districts covered by this subdivision must be redistricted within 65 days of the time when the legislature has been redistricted or ~~by June 1~~ at least 15 weeks before the state primary election in the year ending in two, whichever comes first.

Subd. 3. [VOTERS RIGHTS.] (a) An eligible voter may apply to the district court for either a writ of mandamus requiring the redistricting of wards or local government election districts or to revise any plan adopted by the governing body responsible for redistricting of wards or local government election districts.

(b) If a city adopts a ward redistricting plan at least 19 weeks before the primary in a year ending in two, an application for revision of the plan that seeks to affect elections held in the year ending in two must be filed with the district court within three weeks but no later than 18 weeks before the state primary election in the year ending in two, notwithstanding any charter provision. If a city adopts a ward redistricting plan less than 19 weeks before the state primary in a year ending in two, an application for revision of the plan that seeks to affect elections held in the year ending in two must be filed with the district court no later than one week after the plan has been adopted, notwithstanding any charter provision.

(c) If a plan for redistricting of a local government election district is adopted at least 15 weeks before the state primary election in a year ending in two, an application for revision of the plan that seeks to affect elections held in the year ending in two must be filed with the district court within three weeks but no later than 14 weeks before the state primary election in the year ending in two. If a plan for redistricting of a local government election district is adopted

less than 15 weeks before the state primary election in a year ending in two, an application for revision of the plan that seeks to affect elections held in the year ending in two must be filed with the district court no later than one week after the plan has been adopted.

Subd. 4. [SPECIAL ELECTIONS; LIMITATIONS.] No municipality or school district may conduct a special election during the 19 weeks before the state primary election in the year ending in two, except for special elections conducted on the date of the school district general election. A school district special election required by any other law may be deferred until the date of the next school district general election, the state primary election, or the state general election.

Sec. 5. Minnesota Statutes 1990, section 204B.14, is amended by adding a subdivision to read:

Subd. 1a. [LEGISLATIVE POLICY.] It is the intention of the legislature to complete congressional and legislative redistricting activities in time to permit counties and municipalities to begin the process of reestablishing precinct boundaries as soon as possible after the adoption of the congressional and legislative redistricting plans but in no case later than 25 weeks before the state primary election in the year ending in two.

Sec. 6. Minnesota Statutes 1990, section 204B.14, subdivision 3, is amended to read:

Subd. 3. [BOUNDARY CHANGES; PROHIBITIONS; EXCEPTION.] Notwithstanding other law or charter provisions to the contrary, during the period from January 1 in any year ending in seven to the time when the legislature has been redistricted in a year ending in two, no changes may be made in the boundaries of any election precinct except as provided in this subdivision.

(a) If a city annexes an unincorporated area located in the same county as the city and adjacent to the corporate boundary, the annexed area may be included in an election precinct immediately adjacent to it.

(b) A municipality or county may establish new election precincts lying entirely within the boundaries of any existing precinct and shall assign names to the new precincts which include the name of the former precinct.

(c) Precinct boundaries must be reestablished within 45 days of the time when the legislature has been redistricted, or ~~by May 10~~ at least 19 weeks before the state primary election in a year ending in two, whichever comes first. The adoption of reestablished precinct

boundaries becomes effective on the date of the state primary election in the year ending in two.

Precincts must be arranged so that no precinct lies in more than one legislative district.

Sec. 7. Minnesota Statutes 1990, section 204B.14, subdivision 4, is amended to read:

Subd. 4. [BOUNDARY CHANGE PROCEDURE.] Any change in the boundary of an election precinct shall be adopted at least 90 days before the date of the next election and shall not take effect until notice of the change has been posted in the office of the municipal clerk or county auditor for *at least* 60 days. Except in the case of the combination or separation of municipalities for election purposes under subdivision 8, the municipal clerk or county auditor shall notify each affected registered voter of the change in election precinct boundaries at least ~~30~~ 14 days prior to the first election held after the change takes effect.

The county auditor must publish a notice illustrating or describing the congressional, legislative, and county commissioner district boundaries in the county in one or more qualified newspapers in the county at least 14 days prior to the first day to file affidavits of candidacy for the state general election in the year ending in two.

Alternate dates for adopting changes in precinct boundaries, posting notices of boundary changes, and notifying voters affected by boundary changes pursuant to this subdivision may be established in the manner provided in the rules of the secretary of state.

Sec. 8. Minnesota Statutes 1990, section 204B.14, subdivision 6, is amended to read:

Subd. 6. [PRECINCT BOUNDARIES TO FOLLOW PHYSICAL FEATURES.] The boundaries of election precincts shall follow visible, clearly recognizable physical features. If it is not possible to establish the boundary between any two adjacent precincts along such features, the boundary around the two precincts *combined* shall be established in the manner provided in the rules of the secretary of state to comply with the provisions of this subdivision. The maps required by subdivision 5 shall clearly indicate which boundaries do not follow visible, clearly recognizable physical features.

For the purposes of this subdivision, "visible, clearly recognizable physical feature" means a street, road, boulevard, parkway, river, stream, shoreline, drainage ditch, railway right-of-way, or any other line which is clearly visible from the ground. A street or other roadway which has been platted but not graded is not a visible,

clearly recognizable physical feature for the purposes of this subdivision.

Sec. 9. [204B.145] [DUTIES OF SECRETARY OF STATE.]

The secretary of state shall conduct conferences with the county auditors, municipal clerks, and school district clerks to instruct them on the procedures for redistricting of election districts and establishment of election precincts in the year ending in one.

Sec. 10. Minnesota Statutes 1990, section 204B.16, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; LOCATION.] The governing body of each municipality and of each county with precincts in unorganized territory shall designate by ordinance or resolution a polling place for each election precinct. Polling places must be designated and ballots must be distributed so that no one is required to go to more than one polling place to vote in a school district and municipal election held on the same day. The polling place for a precinct in a ~~municipality~~ city or in a school district located in whole or in part in the metropolitan area defined by section 473.121 shall be located within the boundaries of the precinct or within ~~1,500~~ 3,000 feet of one of those boundaries unless a single polling place is designated for a city pursuant to subdivision 2 or a school district pursuant to section 205A.11. ~~The polling place for a precinct may be located up to 3,000 feet outside one of the boundaries of the precinct if necessary to locate a polling place that is accessible to and usable by elderly and handicapped individuals as required in subdivision 5.~~ The polling place for a precinct in unorganized territory may be located outside the precinct at a place which is convenient to the voters of the precinct. If no suitable place is available within ~~the~~ a town or within a school district located outside the metropolitan area defined by section 473.121, then the polling place for a town or school district may be located outside the town or school district within five miles of one of the boundaries of the town or school district.

Sec. 11. Minnesota Statutes 1990, section 204B.16, subdivision 2, is amended to read:

Subd. 2. [SINGLE POLLING PLACE PERMITTED.] The governing body of any city of the third or fourth class having more than one precinct or of any city with territory in more than one county may by ordinance or resolution designate a single, accessible, centrally located polling place where all the voters of the city shall cast their ballots. A single polling place may also be established for two precincts combined in the manner provided in section 204B.14, subdivision 6. A single board of election judges may be appointed to serve at this polling place. The number of election judges appointed shall be determined by considering the number of voters in the

entire city as if they were voters in a single precinct. Separate ballot boxes shall be provided and separate returns made for each precinct in the city.

Sec. 12. Minnesota Statutes 1990, section 204B.45, is amended by adding a subdivision to read:

Subd. 1a. [EXPERIMENTAL MAIL BALLOTING; AUTHORIZATION.] The secretary of state may authorize Ramsey and Kittson counties to conduct elections entirely by mail on an experimental basis. A request from a county board seeking authorization to conduct an experimental mail election must be submitted to the secretary of state at least 90 days prior to the election. The county auditor must pay all costs related to mailing the ballots to and from the voters.

The secretary of state shall prepare a report to the legislature on the implementation of this subdivision by January 15, 1993.

Sec. 13. Minnesota Statutes 1990, section 205.84, subdivision 2, is amended to read:

Subd. 2. [REDEFINING WARD BOUNDARIES.] The governing body of the city may by ordinance redefine ward boundaries after a municipal general election. The council shall hold a public hearing on the proposed ordinance before its adoption. One week's published notice of the hearing shall be given. ~~Within six months~~ After the official certification of ~~each~~ the federal decennial or special census, the governing body of the city shall either confirm the existing ward boundaries as conforming to the standards of subdivision 1 or redefine ward boundaries to conform to those standards as provided in section 204B.135, subdivision 1. If the governing body of the city fails to take either action within the time required, no further compensation shall be paid to the mayor or council member until the wards of the city are either reconfirmed or redefined as required by this section. An ordinance establishing new ward boundaries ~~shall apply to the first election held at least six months after~~ pursuant to section 204B.135, subdivision 1, becomes effective on the date of the state primary election in the year ending in two. Ward boundaries established at other times become effective 90 days after the adoption of the ordinance.

Sec. 14. Minnesota Statutes 1990, section 205A.12, subdivision 6, is amended to read:

Subd. 6. [REDEFINING ELECTION DISTRICT BOUNDARIES.] The school board may by resolution redefine district boundaries after a school district general election. The board shall hold a public hearing on the proposed resolution before its adoption. One week's published notice of the hearing must be given. ~~Within six months~~ After the official certification of ~~each~~ the federal decennial or special

census, the school board shall either confirm the existing election district boundaries as conforming to the standards of subdivision 4 or redefine election district boundaries to conform to those standards as provided in section 204B.135, subdivision 2. If the school board fails to take either action within the time required, no further compensation may be paid to the school board members until the districts are either reconfirmed or redefined as required by this section. A resolution establishing ~~original or new~~ election district boundaries ~~apply to the first election held at least six months after~~ pursuant to section 204B.135, subdivision 2, becomes effective on the date of the state primary election in the year ending in two. Election district boundaries established at other times become effective 90 days after the adoption of the resolution.

Sec. 15. Minnesota Statutes 1990, section 375.025, subdivision 2, is amended to read:

Subd. 2. [VOTERS RIGHTS.] Any qualified voter may apply to the district court of the county for a writ of mandamus (a) requiring the county to be redistricted if the county board has not redistricted the county within the time specified in subdivision 1, or (b) to revise ~~any arbitrary action or abuse of discretion by the county board in redistricting the county~~ the redistricting plan. Any application for revision of a redistricting plan filed with the county auditor more than 15 weeks before the state primary in a year ending in two that seeks to affect elections held in a year ending in two must be filed with the district court within three weeks but no later than 14 weeks before the state primary in the year ending in two. If a plan for redistricting a county is filed less than 14 weeks before the state primary in a year ending in two, any application for revision of the plan that seeks to affect an election in the year ending in two shall be filed with the district court ~~within 30 days after the filing of the redistricting plan with~~ within one week after the plan has been filed with the county auditor. The district court may direct the county board to show cause why it has not redistricted the county or why the redistricting plan prepared by it should not be revised. On hearing the matter it may allow the county board additional time in which to redistrict the county or to correct errors in the redistricting plan. If it appears to the court that the county board has not been sufficiently diligent in performing its redistricting duties, the court may appoint a redistricting commission to redistrict the county in accordance with the standards set forth in subdivision 1 and any other conditions the court shall deem advisable and appropriate. If a redistricting commission is appointed, the county board shall be without authority to redistrict the county.

Sec. 16. Minnesota Statutes 1990, section 375.025, subdivision 4, is amended to read:

Subd. 4. [REDISTRICTING PLAN; ELECTION FOLLOWING REDISTRICTING.] A redistricting plan whether prepared by the

county board or the redistricting commission shall be filed in the office of the county auditor. A redistricting plan shall be effective on the 31st day after filing unless a later effective date is specified but no plan shall be effective for the next election of county commissioners unless the plan is filed with the county auditor not less than 30 days before the first date candidates may file for the office of county commissioner. One commissioner shall be elected in each district who, at the time of the election, is a resident of the district. A person elected may hold the office only while remaining a resident of the commissioner district. The county board or the redistricting commission shall determine the number of members of the county board who shall be elected for two-year terms and for four-year terms to provide staggered terms on the county board. Thereafter, all commissioners shall be elected for four years. When a county is redistricted, there shall be a new election of commissioners in all the districts at the next general election except that if the change made in the boundaries of a district is less than ~~ten~~ five percent of the average of all districts of the county, the commissioner in office at the time of the redistricting shall serve for the full period for which elected.

Sec. 17. [APPROPRIATION.]

$..... is appropriated from the general fund to the secretary of state to implement and administer sections 1 to 16. This appropriation is available for the biennium ending June 30, 1993."

Delete the title and insert:

"A bill for an act relating to elections; authorizing a mail levy referendum; authorizing certain experimental procedures; setting certain redistricting goals and deadlines; authorizing certain actions by voters; limiting certain special elections; setting times and procedures for certain boundary changes; imposing duties on the secretary of state; changing requirements for polling places; appropriating money; amending Minnesota Statutes 1990, sections 124A.03, subdivision 2; 202A.14, subdivision 1; 203B.02, by adding a subdivision; 204B.135; 204B.14, subdivisions 3, 4, and 6, and by adding a subdivision; 204B.16, subdivisions 1 and 2; 204B.45, by adding a subdivision; 205.84, subdivision 2; 205A.12, subdivision 6; and 375.025, subdivisions 2 and 4; proposing coding for new law in Minnesota Statutes, chapter 204B."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 675, A bill for an act relating to court actions; providing immunity from liability arising out of the use of breathalyzers in liquor establishments; prohibiting the use of the breathalyzer test as evidence; proposing coding for new law in Minnesota Statutes, chapter 604.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [604.09] [BREATH ALCOHOL TESTING DEVICES IN LIQUOR ESTABLISHMENTS.]

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

(b) "Breath alcohol testing device" means a device that tests for alcohol concentration by using a breath sample.

(c) "Licensed premises" has the meaning given in section 340A.101, subdivision 15.

(d) "Liquor licensee" means a person licensed under sections 340A.403 to 340A.407 or 340A.414, and includes an agent or employee of a licensee.

Subd. 2. [IMMUNITY FROM LIABILITY.] (a) Subject to subdivision 3, a liquor licensee who administers or makes available a breath alcohol testing device in the licensed premises is immune from any liability arising out of the result of the test.

(b) Subject to subdivision 3, a designer, manufacturer, distributor, or seller of a breath alcohol testing device is immune from any products liability or other cause of action arising out of the result of a test by the breath alcohol testing device in a licensed premises.

Subd. 3. [IMMUNITY REQUIREMENTS.] Subdivision 2 applies only if:

(1) a conspicuous notice is posted in the licensed premises:

(i) informing patrons of the immunity provisions of subdivision 2 and notifying them that the test is made available solely for their own informal use and information; and

(ii) informing patrons of the alcohol-related driving penalties under sections 169.121 to 169.123, 169.129, and 609.21;

(2) the type of breath alcohol testing device is certified by the commissioner of public safety under subdivision 7; and

(3) the breath alcohol testing device test results are indicated as follows:

(i) the breath alcohol testing device shows a white light and gives a reading of alcohol concentration if alcohol concentration is less than .05;

(ii) the breath alcohol testing device shows a yellow light and gives a reading of alcohol concentration if alcohol concentration is .05 or more but less than .08;

(iii) the breath alcohol testing device shows an orange light and gives a reading of alcohol concentration if alcohol concentration is .08 or more but less than .10, and displays a message that states "You are close to the legal limit and your driving may be impaired"; or

(iv) the breath alcohol testing device shows a red light if alcohol concentration is .10 or greater but does not give a reading of alcohol concentration, and displays a message that states that the person fails the test.

Subd. 4. [EVIDENCE.] Evidence regarding the result of a test by a breath alcohol testing device in a licensed premises is not admissible in any civil or criminal proceeding.

Subd. 5. [DRAMSHOP.] This section does not affect liability under section 340A.801.

Subd. 6. [PREPARATION OF NOTICE.] The commissioner of public safety shall prepare and make available to liquor licensees the notices described in subdivision 3.

Subd. 7. [RULES; CERTIFICATION.] The commissioner of public safety shall adopt any rules reasonably required to implement this section, including performance and maintenance standards for breath alcohol testing devices. The commissioner shall certify breath alcohol testing devices that meet the performance standards. The costs of rulemaking and certification must be borne by the manufacturers of the breath alcohol testing devices."

Amend the title as follows:

Page 1, line 5, after the semicolon insert "providing rulemaking authority;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 700, A bill for an act relating to education; providing for general education revenue; transportation; special programs; community service programs; facilities and equipment; other aids and levies; miscellaneous education related programs; library programs; education agency services; art education programs; maximum effort school loan programs; authorizing bonding; appropriating money; amending Minnesota Statutes 1990, sections 120.08, subdivision 3; 120.101, subdivisions 5, 9, and by adding a subdivision; 120.17, subdivisions 3b and 7a; 120.181; 121.11, subdivision 12; 121.148, subdivision 1; 121.15, subdivisions 7 and 9; 121.155; 121.585, subdivision 3; 121.611, subdivision 2; 121.88, subdivisions 9 and 10; 121.882, subdivisions 2, 6, and by adding a subdivision; 121.904, subdivisions 4a and 4e; 121.912, by adding a subdivision; 122.22, subdivisions 7a and 9; 122.23, subdivisions 2 and 3; 122.242, subdivision 9; 122.531, by adding subdivisions; 122.535, subdivision 6; 123.33, subdivision 1; 123.34, subdivision 9; 123.35, subdivisions 8, 17, and by adding a subdivision; 123.3514, subdivisions 3, 4, and by adding a subdivision; 123.38, subdivision 2b; 123.702; 123.951; 124.17, subdivisions 1 and 1b; 124.175; 124.19, subdivisions 1, 7, and by adding a subdivision; 124.195, subdivisions 9 and 12; 124.223, subdivisions 1 and 8; 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 8a, 8k, 10, and by adding a subdivision; 124.26, subdivisions 1c and 2; 124.261; 124.2711, subdivisions 1 and 3; 124.2721, subdivisions 2 and 3; 124.2725, subdivision 6; 124.273, subdivision 1b; 124.311, subdivision 4; 124.32, subdivisions 1b and 10; 124.332, subdivisions 1 and 2; 124.431, by adding a subdivision; 124.573, subdivisions 2b and 3a; 124.574, subdivision 2b; 124.575, subdivisions 1, 2, 3, and 4; 124.646; 124.83, subdivision 4; 124.86, subdivision 2; 124A.03; 124A.04; 124A.22, subdivisions 2, 4, 5, 8, 9, and by adding subdivisions; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; 124A.29, subdivision 1; 124A.30; 124C.03, subdivision 2; 125.12, subdivisions 3, 6b, and by adding subdivisions; 125.17, subdivision 2, and by adding subdivisions; 125.185, subdivisions 4 and 4a; 125.231; 126.22, subdivisions 2, 3, and 4; 126.23; 126.266, subdivision 2; 126.661, subdivision 5, and by adding a subdivision; 126.663, subdivision 2; 126.666, subdivision 2, and by adding subdivisions; 126.67, subdivision 2b; 126.70, subdivisions 1, 2, and 2a; 127.29, by adding a subdivision; 129C.10; 136D.27, subdivision 1; 136D.72, subdivision 1; 136D.74, subdivision 2; 136D.76, subdivision 2; 136D.87, subdivision 1; 141.25, subdivision 8; 141.26, subdivision 5; 145.926; 148.191, subdivision 2; 171.29, subdivision 2; 245A.03, subdivision 2; 260.015, subdivision 19; 268.08, subdivision 6; 275.06; 275.125, subdivisions 4, 5, 5b, 5c, 8b, 11d; 298.28,

subdivision 4; Laws 1989, chapter 329, article 6, section 53, as amended; proposing coding for new law in Minnesota Statutes, chapters 3; 120; 121; 123; 124; 125; 134; 373; 473; repealing Minnesota Statutes 1990, sections 3.865; 3.866; 120.011; 121.111; 122.531, subdivision 5; 123.351, subdivision 10; 123.706; 123.707; 123.744; 124.225, subdivisions 3, 4b, 7c, 8b, 8i, 8j; 124.252; 124.575; 124C.01, subdivision 2; 124C.41, subdivisions 6 and 7; 126.70, subdivisions 2 and 2a; 275.125, subdivision 8c; and Laws 1988, chapter 703, article 1, section 23, as amended; Laws 1989, chapter 293, section 82; Laws 1989, chapter 329, articles 4, section 40; 9, section 30; and 12, section 8; Laws 1990, chapter 562, article 6, section 36.

Reported the same back with the following amendments:

Page 7, line 35, delete "the sum of"

Page 9, after line 9, insert:

"A district's referendum authority is first applied to the referendum tiers beginning with tier one referendum revenue."

Page 9, after line 23, insert:

"If a district's levy for tier two or tier three revenue is less than its maximum required levy limits, aid shall be proportionately reduced."

Page 9, line 24, before "A" insert "(a)"

Page 9, after line 26, insert:

"(b) For fiscal year 1993, a district's referendum equalization aid is equal to one-third of the amount calculated in clause (a).

(c) For fiscal year 1994, a district's referendum equalization aid is equal to two-thirds of the amount calculated in clause (a)."

Page 9, line 30, delete "revenue according to subdivision 1h" and insert "aid and levy according to subdivisions 1i and 1j"

Page 12, line 22, delete the new language

Page 12, delete lines 23 and 24

Page 12, line 26, delete "or constant"

Page 13, line 15, after the period insert "Cells of the matrix in lanes beyond the master's degree plus 30 credits lane must receive

the same ratio as the cells in the master's degree plus 30 credits lane."

Page 24, line 22, delete "Section" and insert "Sections 6," and after "1j" insert ", 12, and 13"

Page 47, line 4, after the first "of" insert "Minnesota resident"

Page 47, line 5, before "secondary" insert "Minnesota resident"

Page 62, line 4, delete "17" and insert "18"

Page 62, line 12, delete "Act of 1990" and insert "Vocational and Applied Technology Education Act Amendments of 1990, Public Law Number 101-392"

Page 67, line 2, delete "$11,666,000" and insert "$11,326,000"

Page 67, line 3, delete "$15,951,000" and insert "$15,891,000"

Page 67, line 5, delete "$10,598,000" and insert "$10,258,000"

Page 67, line 6, delete "$1,870,000" and insert "$1,811,000"

Page 82, delete lines 30 to 36

Page 83, delete lines 1 to 31

Page 90, delete lines 32 to 36

Page 91, delete lines 1 and 2

Page 91, delete lines 6 to 8

Page 93, line 3, delete "7" and insert "8"

Page 93, after line 11, insert:

"Subd. 11. [ECFE K-3 GRANTS.] For grants for early childhood family education programs for children who are in grades kindergarten through three and their families:

$400,000 1992

These grants must be used to provide continued funding to those grant sites that received funding under Laws 1990, chapter 562, article 4, section 11."

Page 104, line 28, delete "26" and insert "19"

Page 105, line 20, delete "26" and insert "19"

Page 112, line 26, delete "capital loan or energy"

Page 114, line 20, after "whether" insert "all or some specified portion of"

Page 114, line 26, delete "capital"

Page 125, line 28, after the comma insert "it is the intent of the legislature that"

Page 125, line 31, delete "must"

Page 126, line 9, delete everything after "(3)" and insert " deposit the amount of state education aid calculated under clauses (1) and (2) in a separate account in the state treasury.

Notwithstanding any law to the contrary, the state treasurer shall use the revenue deposited in the account under clause (3) to pay to independent school district No. 793 that amount of state education aid, plus a proportionate share of the interest earned on the account, representing partial or total satisfaction of any final judgment entered against independent school district No. 483 in the case of independent school district No. 843, Motley v. Tom Nelson, in his official capacity as commissioner of education, file numbers C8-90-9736 and C6-90-2671, after all time for appeal from the judgment has expired. The treasurer shall pay any remaining revenue plus proportionate interest to independent school district No. 483. For independent school district No. 793 or independent school district No. 483 to receive payment, the attorney representing the district shall submit to the state treasurer a certified copy of the judgment and an affidavit stating that the judgment is a final judgment and the time for appeal from the judgment has expired."

Page 126, delete line 10

Page 126, line 22, delete "1" and insert "13"

Page 129, after line 20, insert:

"Sec. 32. [EARLY RECOGNITION OF COOPERATION REVENUE.]

Independent school district Nos. 543, Deer Creek, and 819, Wadena, may recognize cooperation revenue received for fiscal year 1993 according to Minnesota Statutes, section 124.2725, subdivision 6, in fiscal year 1992."

Page 188, after line 31, insert:

"Section 1. Minnesota Statutes 1990, section 128A.05, subdivision 3, is amended to read:

Subd. 3. [OUT-OF-STATE ADMISSIONS.] An applicant from another state who can benefit from attending either academy may be admitted to the academy if the admission does not prevent an eligible Minnesota resident from being admitted. The ~~commissioner~~ state board of education must get reimbursed from the other state for the costs of the out-of-state admission. The commissioner may make an agreement with the appropriate authority in the other state to get reimbursed. Money received from another state must be paid to the state treasurer and ~~deposited by the treasurer in~~ credited to the general ~~fund~~ operation account of the academy for the deaf and the academy for the blind. Money in the account is annually appropriated to the department of education for the Faribault academies."

Page 201, after line 13, insert:

"ARTICLE 14

CONFORMING CHANGES

Section 1. Minnesota Statutes 1990, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to sections 124.2721, subdivision 3; ~~124.575, subdivision 3;~~ and 275.125, subdivision 9a; and Laws 1976, chapter 20, section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the June and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus 31.0 percent of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) 31.0 percent of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including

levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the reserved fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to sections 124.2725, subdivision 15, 124.4945, and 275.125, subdivisions 4 and 6a, and Laws 1975, chapter 261, section 4; and

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, amounts levied for down payments under section 124.82, subdivision 3, and amounts levied pursuant to section 275.125, subdivision 14a.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1990, section 121.904, subdivision 4e, is amended to read:

Subd. 4e. [COOPERATION LEVY RECOGNITION.] (a) A cooperative district is a district or cooperative that receives revenue according to section 124.2721 ~~or 124.575~~.

(b) In June of each year, the cooperative district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, that are for the fiscal year payable in that fiscal year; or

(2) 31.0 percent of the difference between

(i) the sum of the amount of levies certified in the prior year according to ~~sections~~ section 124.2721, subdivision 3~~, and 124.575, subdivision~~ 3; and

(ii) the amount of transition aid paid to the cooperative unit according to section 273.1392 for the fiscal year to which the levy is attributable.

Sec. 3. Minnesota Statutes 1990, section 124.155, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENT TO AIDS.] The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

(a) general education aid authorized in sections 124A.23 and 124B.20;

(b) secondary vocational aid authorized in section 124.573;

(c) special education aid authorized in section 124.32;

(d) secondary vocational aid for handicapped children authorized in section 124.574;

(e) aid for pupils of limited English proficiency authorized in section 124.273;

(f) transportation aid authorized in section 124.225;

(g) community education programs aid authorized in section 124.2713;

(h) adult education aid authorized in section 124.26;

(i) early childhood family education aid authorized in section 124.2711;

(j) capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;

(k) education district aid according to section 124.2721;

(l) ~~secondary vocational cooperative aid according to section 124.575;~~

~~(m)~~ homestead credit under section 273.13 for taxes payable in 1989 and additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;

~~(n)~~ (m) agricultural credit under section 273.132 for taxes payable in 1989 and additional homestead and agricultural credit guarantee

under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;

~~(o)~~ (n) homestead and agricultural credit aid and disparity reduction aid authorized in section 273.1398, subdivision 2; and

~~(p)~~ (o) attached machinery aid authorized in section 273.138, subdivision 3.

The commissioner of education shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 4. Minnesota Statutes 1990, section 124.195, subdivision 11, is amended to read:

Subd. 11. [NONPUBLIC AIDS.] The state shall pay aid according to sections 123.931 to 123.947 for pupils attending nonpublic schools by October 31 of each fiscal year. If a payment advance to meet cash flow needs is requested by a district and approved by the commissioner, the state shall pay basic transportation aid according to section 124.225, ~~subdivision 8b~~ attributable to pupils attending nonpublic schools by October 31. This subdivision applies to both the final adjustment payment for the prior fiscal year and the payment for the current fiscal year, as established in subdivision 10.

Sec. 5. Minnesota Statutes 1990, section 124.2721, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] An education district is eligible for education district revenue if the department certifies that it meets the requirements of sections 122.91, subdivisions 3 and 4, and 122.945. The pupil units of a school district that is a member of intermediate district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a school district may not be used to obtain revenue under this section ~~and section 124.575~~.

Sec. 6. Minnesota Statutes 1990, section 124.2725, subdivision 13, is amended to read:

Subd. 13. [REVENUE FOR EXTENDED COOPERATION.] If the state board disapproves of the plan according to section 122.243, subdivision 1, or if a second referendum fails under section 122.243, subdivision 2, cooperation and combination revenue shall equal $60 times the actual pupil units. Cooperation and combination aid must be reduced by an amount equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 for the first two years of the agreement and the aid that would have been paid if the revenue had been $60 times the actual pupil units. If the aid is insufficient to recover the entire amount, the department of

education shall reduce other aids due the district to recover the entire amount. The cooperation and combination levy shall be reduced by an amount equal to the difference between the levy for the first two years of the agreement and the levy that would have been authorized if the revenue had been $60 times the actual pupil units. A district that receives revenue under this subdivision may not also receive revenue according to ~~sections~~ section 124.2721 ~~and 124.575~~.

Sec. 7. Minnesota Statutes 1990, section 124A.29, subdivision 1, is amended to read:

Subdivision 1. [GENERAL STAFF DEVELOPMENT PROGRAMS.] Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to $10 times the number of actual pupil units shall be reserved and may be used only to provide staff development programs, according to section 126.70, ~~subdivisions~~ subdivision 1 ~~and 2a~~. The school board shall determine which programs to provide, the manner in which they will be provided, and the extent to which other money may be used for the programs.

Sec. 8. Minnesota Statutes 1990, section 136D.27, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED LEVIES.] Notwithstanding section 136D.24 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 124.83, subdivision 4, 127.05, 275.125, ~~subdivisions~~ subdivision ~~8e and~~ 14a, 275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 9. Minnesota Statutes 1990, section 136D.27, subdivision 3, is amended to read:

Subd. 3. [PROHIBITED STATE AIDS.] Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized by statute, any state aid, grant, credit, or other money to the joint school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, ~~124.252,~~ 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 10. Minnesota Statutes 1990, section 136D.74, subdivision 2a, is amended to read:

Subd. 2a. [PROHIBITED LEVIES.] Notwithstanding subdivisions 2 and 4, section 136D.73, subdivision 3, or any other law to the contrary, the intermediate school board may not certify, either itself,

to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 124.83, subdivision 4, 127.05, 275.125, ~~subdivisions 8e and~~ subdivision 14a, 275.48, and 475.61, and for the intermediate school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 11. Minnesota Statutes 1990, section 136D.74, subdivision 2b, is amended to read:

Subd. 2b. [PROHIBITED STATE AIDS.] Notwithstanding subdivision 4 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the intermediate school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, ~~124.252,~~ 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 12. Minnesota Statutes 1990, section 136D.87, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED LEVIES.] Notwithstanding section 136D.84 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 124.83, subdivision 4, 127.05, 275.125, ~~subdivisions 8e and~~ subdivision 14a, 275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 13. Minnesota Statutes 1990, section 136D.87, subdivision 3, is amended to read:

Subd. 3. [PROHIBITED STATE AIDS.] Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the joint school board, except for aid, credit, or money authorized by sections 121.201, 123.3514, ~~124.252,~~ 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 14. Minnesota Statutes 1990, section 273.1398, subdivision 6, is amended to read:

Subd. 6. [PAYMENT.] The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before December 1, 1989, and October 1 thereafter of the year preceding the distribution year to the county auditor of the affected local government and pay them to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions. The disparity reduction credit provided in subdivision

4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3. Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 ~~or 124.575~~, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax.

Sec. 15. Minnesota Statutes 1990, section 275.125, subdivision 8e, is amended to read:

Subd. 8e. [INTERDISTRICT COOPERATION LEVY.] (a) This subdivision does not apply to special school district No. 1, independent school district No. 11, 625, or 709, or to a district that is a member of intermediate school district No. 287, 916, or 917.

(b) A district may levy each year under this subdivision if it:

(1) is a member of an education district, under sections 122.91 to 122.95, and the education district of which the district is a member does not receive revenue under section 124.2721; or

(2) has a written cooperation agreement with other districts to expand curricular offerings in mathematics in grades 10 to 12, science in grades 10 to 12, foreign languages for two years, computer usage, or other programs recommended by the state board.

(c) The levy must not exceed $50 times the actual pupil units, the cost of the agreement to expand curricular offerings, or $50,000, whichever is the smallest.

(d) ~~A district that is a member of a secondary vocational cooperative that levies under section 124.575, may levy the difference between (1) the smallest amount under paragraph (c), and (2) the amount levied under section 124.575.~~

~~(e)~~ The proceeds of the levy may be used only to pay for instructional and administrative costs incurred in providing the curricular offerings under this section. A district may not spend more than five percent of the amount of the levy for administration.

Sec. 16. [EFFECTIVE DATE.]

Sections 1, 2, 3, 5, 6, 14, and 15 are effective July 1, 1992."

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 24, after "123.951;" insert "124.155, subdivision 2;"

Page 1, line 27, after "9" insert ", 11,"

Page 1, line 31, after "subdivisions" insert "1," and after "2" insert a comma

Page 1, line 32, delete "subdivision 6" and insert "subdivisions 6 and 13"

Page 1, line 45, delete ", 3,"

Page 2, line 4, after the first semicolon insert "128A.05, subdivision 3;"

Page 2, line 5, delete everything before the first semicolon and insert "subdivisions 1, 2, and 3"

Page 2, line 6, delete everything before the first semicolon and insert "subdivisions 2, 2a, and 2b"

Page 2, line 7, delete everything before the first semicolon and insert "subdivisions 1, 2, and 3"

Page 2, line 10, after "6;" insert "273.1398, subdivision 6;"

Page 2, line 11, after "8b," insert "8e, and"

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. 823, A bill for an act relating to transportation; clarifying parking provisions for physically disabled persons; authorizing special license plates for motorcycles; amending Minnesota Statutes 1990, sections 168.021, subdivision 1; 169.345, subdivision 1; and 169.346, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 168.021, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL PLATES; APPLICATION FOR ISSUANCE.] (a) When a motor vehicle registered under section 168.017, a motorcycle, or a self-propelled recreational vehicle, is owned or primarily operated by a permanently physically disabled person or a custodial parent or guardian of a permanently physically disabled minor, the owner may apply for and secure from the registrar of motor vehicles two license plates with attached emblems, one plate to be attached to the front, and one to the rear of the vehicle. Application for the plates must be made at the time of renewal or first application for registration. When the owner first applies for the plates, the owner must submit a physician's statement on a form developed by the commissioner under section 169.345, or proof of physical disability provided for in that section.

(b) The owner of a motor vehicle may apply for and secure a set of special plates for a motor vehicle if:

(1) the owner employs a permanently physically disabled person who would qualify for special plates under this section; and

(2) the owner furnishes the motor vehicle to the physically disabled person for the exclusive use of that person in the course of employment.

Sec. 2. Minnesota Statutes 1990, section 169.345, subdivision 1, is amended to read:

Subdivision 1. [SCOPE OF PRIVILEGE.] A vehicle that prominently displays the certificate authorized by this section, or that bears license plates issued under section 168.021, may be parked by or for a physically disabled person:

(1) in a designated parking space for disabled persons, as provided in section 169.346; and

(2) in a metered parking space without obligation to pay the meter fee and without time restrictions unless (i) time restrictions are separately posted on official signs or (ii) the time restrictions on the parking meter allow parking for not more than 15 minutes.

For purposes of this subdivision, a certificate is prominently displayed if it is displayed on the dashboard in the left-hand corner of the front windshield of the vehicle with no part of the certificate obscured.

Notwithstanding clauses (1) and (2), this section does not permit parking in areas prohibited by sections 169.32 and 169.34, in

designated no parking spaces, or in parking spaces reserved for specified purposes or vehicles. A local governmental unit may, by ordinance, prohibit parking on any street or highway to create a fire lane, or to accommodate heavy traffic during morning and afternoon rush hours and these ordinances also apply to physically disabled persons.

Sec. 3. Minnesota Statutes 1990, section 169.346, subdivision 2, is amended to read:

Subd. 2. [SIGNS; PARKING SPACES TO BE FREE OF OBSTRUCTIONS.] (a) Parking spaces for physically disabled persons must be designated and identified by the posting of signs incorporating the international symbol of access in white on blue indicating that the parking space is reserved for disabled persons with vehicles displaying the required certificate, license plates, or insignia, and indicating that violators are subject to a fine of up to $200. For the purpose of this subdivision, parking spaces clearly identified as reserved for physically disabled persons by permanently posted signs that do not meet all design standards are considered designated and reserved for physically disabled persons. A sign posted for the purpose of this section must be visible from inside a vehicle parked in the space, be kept clear of snow or other obstructions which block its visibility, and be nonmovable or only movable by authorized persons.

(b) The owner or manager of the property on which the designated parking space is located shall ensure that the space is kept free of obstruction. If the owner or manager allows the space to be blocked by snow, merchandise, or similar obstructions for 24 hours after receiving a warning from a peace officer, the owner or manager is guilty of a misdemeanor and subject to a fine of up to $500.

Sec. 4. Minnesota Statutes 1990, 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) are required to satisfy prescription or medical needs of the driver of the vehicle or a passenger if the driver or passenger is in possession of the prescription or a physician's statement of medical need; or

(c) are applied to:

(1) the rear windows of a pickup truck as defined in section 168.011, subdivision 29;

(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;

(3) the side and rear windows of a vehicle used to transport human remains by a funeral establishment holding a permit under section 149.08; or

(4) the side and rear windows of a limousine as defined in section 168.011, subdivision 35.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to transportation; clarifying parking provisions for physically disabled persons; authorizing special license plates for motorcycles; authorizing tinted windshields for

medical reasons; amending Minnesota Statutes 1990, sections 168.021, subdivision 1; 169.345, subdivision 1; 169.346, subdivision 2; and 169.71, subdivision 4."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 927, A bill for an act relating to the environment; establishing maximum content levels of mercury in batteries; prohibiting certain batteries; prohibiting the disposal of rechargeable batteries in mixed municipal solid waste; requiring a notice to consumers; amending Minnesota Statutes 1990, sections 115A.9155, subdivision 2; 325E.125, subdivision 2, and by adding subdivisions; and 325E.1251; proposing coding for new law in Minnesota Statutes, chapter 115A.

Reported the same back with the following amendments:

Page 4, line 15, delete "authorized to"

Page 4, delete lines 16 to 18

Page 4, line 19, delete everything before "immune"

Page 6, line 17, delete "retailer or distributor" and insert "person who first purchases rechargeable batteries or appliances powered by rechargeable batteries for importation into the state for resale"

With the recommendation that when so amended the bill pass.

The report was adopted.

Ogren from the Committee on Taxes to which was referred:

H. F. No. 1086, A bill for an act relating to taxation; property; modifying the newspaper publication requirements for truth-in-taxation; amending Minnesota Statutes 1990, section 275.065, subdivision 5a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

HOMESTEAD CREDIT TRUST

Section 1. [16A.711] [HOMESTEAD CREDIT TRUST.]

Subdivision 1. [CREATION.] The commissioner shall deposit to the credit of the homestead credit trust fund all money available to the credit of the trust. The commissioner shall maintain the trust as a separate fund to be used only to pay money, as provided by law, to individuals or local governments for property tax relief or to repay advances made by the general fund, as provided under subdivision 4.

Subd. 2. [APPROPRIATION.] The money to be paid by law from the homestead credit trust is appropriated annually.

Subd. 3. [ESTIMATES; REDUCTION OF PAYMENTS.] (a) At the beginning of each fiscal year the commissioner, in consultation with the commissioner of revenue, shall estimate for the fiscal year:

(1) the amount of revenues to be deposited in the trust under section 297A.44 or other law; and

(2) the payments authorized by law to be made out of the trust.

If the estimated payments exceed the estimated receipts of the trust, the appropriations from the trust to each program are proportionately reduced, unless otherwise provided by law.

If the estimated receipts of the trust exceed the estimated payments by $1,000,000 or more, the appropriation from the trust to each intergovernmental aid program is increased proportionately. The aid paid to each local government under the program shall be increased proportionately unless otherwise provided by law.

(b) If as a result of changes in economic conditions or if information becomes available that indicates changes either in receipts or payments from the trust, the commissioner may at other times estimate the amount of receipts or payments and reduce or restore the appropriations under paragraph (a).

Subd. 4. [GENERAL FUND ADVANCES.] If the money in the trust is insufficient to make payments on the dates provided by law, but the commissioner estimates receipts for the fiscal year will be sufficient, the commissioner shall advance money from the general fund to the trust necessary to make the payments. On or before the close of the biennium the trust shall repay the advances with

interest, calculated at the rate of earnings on invested treasurer's cash, to the general fund.

Sec. 2. [HOMESTEAD CREDIT TRUST; FISCAL YEARS 1992 AND 1993 APPROPRIATIONS.]

Subdivision 1. [APPROPRIATIONS.] (a) The amounts necessary to make the following fiscal year 1992 and 1993 payments are appropriated to the commissioner of revenue from the homestead credit trust:

(1) homestead and agricultural credit aid to counties, cities, towns, and special taxing districts under section 273.1398;

(2) disparity reduction aid to counties, cities, towns, and special taxing districts under section 273.1398;

(3) local government aid and equalization aid under chapter 477A;

(4) additional homestead and agricultural guarantee under section 273.1398, subdivision 5;

(5) the special property tax refund under section 290A.04, subdivision 2h; and

(6) for fiscal year 1993, aid authorized by the 1992 legislature following the study under section 15.

(b) $47,000,000 is appropriated to the commissioner of education from the homestead credit trust for additional general education aid in fiscal year 1993. The commissioner of education shall use these funds to reduce the general education tax rate under section 124A.23, subdivision 1.

Subd. 2. [CONTINGENT REDUCTIONS.] If the commissioner of finance, in consultation with the commissioner of revenue, estimates that the receipts of the homestead credit trust will be insufficient to pay the appropriations under subdivision 1, the appropriations under paragraph (a), clause (5), and paragraph (b) shall be paid in full and the appropriations under paragraph (a), clauses (1) to (4), reduced as provided by chapter 477A.

Sec. 3. [273.1381] [COUNTIES ELECTING OUT OF HOMESTEAD CREDIT TRUST.]

(a) If a county does not impose the county option sales and use tax under section 297A.021 for the fiscal year, no payments may be made out of the homestead credit trust to the county or to a city, town, or special taxing district located in the county for the fiscal year, except as provided in paragraph (b).

(b) If a city or special taxing district is located in two or more counties and one or more of the counties imposes the county option sales tax and one or more of the counties does not, the city, town, or special taxing district's aid payments from the homestead credit trust equal the amount of the aid multiplied by a fraction, (1) the numerator of which is the net tax capacity of the taxing district in counties imposing the tax and (2) the denominator is the total net tax capacity of the taxing district.

(c) If a county does not impose the county option sales and use tax under section 297A.021 for the fiscal year, no special property tax refund under section 290A.04, subdivision 2h, shall be paid to owners of property in the county.

Sec. 4. Minnesota Statutes 1990, section 273.1398, subdivision 6, is amended to read:

Subd. 6. [PAYMENT.] The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before ~~December 1, 1989, and~~ October 1 ~~thereafter~~ of the year preceding the distribution year to the county auditor of the affected local government and pay them to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions. The amounts certified shall not be reduced due to the failure of the county to impose the local option sales and use tax provided in section 297A.021. The disparity reduction credit provided in subdivision 4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3. Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax.

Sec. 5. Minnesota Statutes 1990, section 273.1398, subdivision 7, is amended to read:

Subd. 7. [APPROPRIATION.] An amount sufficient to pay the aids and credits provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity is annually appropriated from the general fund to the commissioner of revenue.

Sec. 6. Minnesota Statutes 1990, section 477A.011, subdivision 27, as amended by Laws 1991, chapter 2, article 8, section 2, is amended to read:

Subd. 27. [REVENUE BASE.] "Revenue base" means the amount levied for taxes payable in ~~1991~~ the current year, including the levy on the fiscal disparity distribution under section 473F.08, subdivi-

sion 3, paragraph (a), and before reduction for the homestead and agricultural credit aid under section 273.1398, subdivision 2, equalization aid under section 477A.013, subdivision 5, and disparity reduction aid under section 273.1398, subdivision 3; plus the local government aid under sections 477A.011; 477A.012, subdivisions 1, 3, and 5, determined without regard to subdivision 2; and 477A.013, subdivisions 1, 3, 6, and 7; and the estimated taconite aids used to determine levy limits for taxes payable in 1991 under section 275.51, subdivision 3i. For the cut in the December 1991 aid payments and for adjustments under section 477A.013, subdivision 1a, the revenue base is less the special levies under section 275.50, subdivision 5, clause (a).

Sec. 7. Minnesota Statutes 1990, section 477A.011, subdivision 28, as amended by Laws 1991, chapter 2, article 8, section 3, is amended to read:

Subd. 28. [REDUCTION PERCENTAGE.] "Reduction percentage" means the equal percentage reduction in each county and city revenue base that was necessary to reduce 1990 aid payments by $28,000,000 under sections 477A.012, subdivision 5, and 477A.013, subdivision 7, and, in addition, the equal percentage reduction in each county, city, town, and special taxing district revenue base that is necessary to reduce the July 20, 1991, aid payments under sections 477A.012, subdivisions 1, 3, and 5; 477A.013, subdivisions 1, 3, 5, 6, and 7; and 273.1398, subdivisions 2 and 3, by a combined amount of $50,000,000 and the December 1991 payments by a combined amount of $25,000,000. For reductions under section 477A.013, subdivision 1a, the reduction percentage means the equal percentage reduction in each county, city, town, and special taxing district revenue base that is necessary to reduce the aid payments under sections 273.1398, subdivisions 2 and 3; 477A.012, subdivisions 1, 3, and 5; and 477A.013, subdivisions 1, 3, 5, 6, and 7, by a combined amount equal to the difference between the payments provided for under these sections and the estimated appropriations for these purposes under section 2.

Sec. 8. Minnesota Statutes 1990, section 477A.012, subdivision 6, as added by Laws 1991, chapter 2, article 8, section 5, is amended to read:

Subd. 6. [1991 COUNTY AID ADJUSTMENT.] A county's July 20, 1991, payment of local government aid and homestead and agricultural credit aid is reduced by the product of its revenue base and the reduction percentage. The aid reduction is first applied to a county's local government aid in its scheduled July 20, 1991, aid payment. If the aid reduction is greater than the local government aid amount in its scheduled July 20, 1991, aid payment, the remaining amount is then applied to the county's homestead and agricultural credit aid, and then, if necessary, to its disparity reduction aid. The July 20, 1991, local government aid, homestead

and agricultural credit aid, and disparity reduction aid payment to a county after this reduction cannot be less than $0.

A county's December 1991 payment of local government aid, homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base and the reduction percentage as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a county's local government aid in its scheduled December 1991 aid payment. If the aid reduction is greater than the local government aid amount in its scheduled December 1991 aid payment, the remaining amount is then applied to the county's homestead and agricultural credit aid, and then, if necessary, to its disparity reduction aid. The December 1991 local government aid, homestead and agricultural credit aid, and disparity reduction aid payment to a county after this reduction cannot be less than $0.

Sec. 9. Minnesota Statutes 1990, section 477A.014, is amended by adding a subdivision to read:

Subd. 1a. [ADJUSTMENTS FOR HOMESTEAD CREDIT TRUST REVENUES.] If the amount appropriated under section 2 for homestead and agricultural credit aid and disparity reduction aid under section 273.1398, and local government aid under sections 477A.011 to 477A.013, except aid under section 477A.012, subdivision 2, is less than or greater than the amounts certified to be paid by the commissioner of revenue, the aids will be reduced or increased in the following manner unless otherwise provided for in law.

Each city's, county's, town's, and special taxing district's aids will be reduced or increased by the product of its revenue base and the reduction percentage. In the case of an aid reduction, the reduction is first applied to the local government aid amount under chapter 477A. If the aid reduction is greater than the local government aid amount, the remaining reduction amount is then applied to the local government's homestead and agricultural credit aid, and then if necessary, to its disparity reduction aid. In the case of an aid increase, the increase will be added to the local government aid amount. The aid reduction or increase will be split equally between the July 20 and December aid payments each year.

If the commissioner estimates an additional reduction or increase in appropriations for these programs after the July 20 aid payment but before the December payment, the December aid payments to local governments for these programs will be reduced or increased proportionately.

Sec. 10. Minnesota Statutes 1990, section 477A.013, subdivision 8, as added by Laws 1991, chapter 2, article 8, section 8, is amended to read:

Subd. 8. [1991 CITY, OR TOWN AID ADJUSTMENT.] A city or town's July 20, 1991, payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base, and the reduction percentage, as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a city or town's local government aid amount in its scheduled July 20, 1991, aid payment. If the aid reduction is greater than the local government aid amount in its scheduled July 20, 1991, aid payment, the remaining amount is then applied to the city or town's equalization aid, and then, if necessary, to its homestead and agricultural credit aid, and then, if necessary, to its disparity reduction aid. The July 20, 1991, local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid payment to a city or town after this reduction cannot be less than $0.

A city's or town's December 1991 payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base, and the reduction percentage, as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a city's or town's local government aid amount in its scheduled December 1991 aid payment. If the aid reduction is greater than the local government aid amount in its scheduled December 1991 aid payment, the remaining amount is then applied to the city's or town's equalization aid, and then, if necessary, to its homestead and agricultural credit aid, and then, if necessary, to its disparity reduction aid. The December 1991 local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid payment to a city or town after this reduction cannot be less than $0.

Sec. 11. Minnesota Statutes 1990, section 477A.0135, as added by Laws 1991, chapter 2, article 8, section 9, is amended to read:

477A.0135 [SPECIAL TAXING DISTRICTS; 1991 AID REDUCTION.]

A special taxing district's July 20, 1991, payment of homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base and the reduction percentage, as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a special taxing district's homestead and agricultural credit aid amount in its scheduled July 20, 1991, aid payment. If the aid reduction is greater than the homestead and agricultural credit aid amount in its scheduled July 20, 1991, aid payment, the remaining amount is then applied to the special taxing district's disparity reduction aid. The July 20, 1991, homestead and agricultural credit aid and disparity reduction aid payment to a special taxing district after this reduction cannot be less than $0.

A special taxing district's December 1991 payment of homestead

and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base and the reduction percentage, as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a special taxing district's homestead and agricultural credit aid amount in its scheduled December 1991 aid payment. If the aid reduction is greater than the homestead and agricultural credit aid amount in its scheduled December 1991 aid payment, the remaining amount is then applied to the special taxing district's disparity reduction aid. The December 1991 homestead and agricultural credit aid and disparity reduction aid payment to a special taxing district after this reduction cannot be less than $0.

Sec. 12. Minnesota Statutes 1990, section 477A.014, subdivision 1, as amended by Laws 1991, chapter 2, article 8, section 10, is amended to read:

Subdivision 1. [CALCULATIONS AND PAYMENTS.] The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.012, 477A.013, and 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner shall notify the authorities of their aid amounts, as well as the computational factors used in making the calculations for their authority, and those statewide total figures that are pertinent, before August 15 of the year preceding the aid distribution year, except that for aid payable in 1990 the commissioner of revenue must notify the authorities of their aid amounts as well as the computational factors used in the calculation before October 23, 1989. The commissioner shall reduce the July 20, 1991, payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid to counties, cities, towns, and special taxing districts by a combined amount of $50,000,000. The commissioner shall reduce the December 1991 payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid to counties, cities, towns, and special districts by a combined amount of $25,000,000.

Sec. 13. Minnesota Statutes 1990, section 477A.015, is amended to read:

477A.015 [PAYMENT DATES.]

The commissioner of revenue shall make the payments of local government aid to affected taxing authorities in two installments on July 20 and by December ~~15~~ 31 annually.

The commissioner may pay all or part of the payment due ~~on~~ in December ~~15~~ at any time after August 15 upon the request of a city that requests such payment as being necessary for meeting its cash flow needs.

Sec. 14. Minnesota Statutes 1990, section 477A.03, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL APPROPRIATION.] A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the ~~general fund~~ homestead credit trust to the commissioner of revenue. For aids payable in 1991 and ~~thereafter~~ 1992, the total amount of equalization aid paid under section 477A.013, subdivision 5, is limited to $19,485,684.

Sec. 15. [STUDY OF INTERGOVERNMENTAL AID ALTERNATIVES.]

Subdivision 1. [STUDY COMMISSION.] (a) A legislative commission for the study of intergovernmental aid is established. The commission consists of 18 members, nine from the house of representatives and nine from the senate. The chair of the house committee on taxes shall, in consultation with the speaker, appoint the members of the commission from the house. The chair of the senate committee on taxes and tax laws, in consultation with the senate majority leader, shall appoint the members of the commission from the senate. The membership of the commission from each house shall reflect partisan and geographic balance.

(b) The commission shall use existing legislative staff and may hire additional staff or enter into contracts in order to complete the study under subdivision 2.

Subd. 2. [STUDY REQUIRED.] The legislative commission on planning and fiscal policy shall prepare for submission to the legislature by February 1, 1992, a study of and alternative proposals for restructuring the intergovernmental aid and property tax relief paid out of the homestead credit trust. The purpose of the study and consideration of alternatives is to:

(1) increase accountability for state and local fiscal decisions;

(2) equalize the access of local governments to resources relative to the need for and cost of delivering local services;

(3) minimize or compensate for spillovers in the cost and benefits of local services; and

(4) increase predictability and stability of local access to resources provided by non-property tax sources.

The commission shall prepare the study and alternatives in consultation with the executive branch and representatives of counties, cities, towns, and special taxing districts.

Subd. 3. [TERMINATION.] The commission terminates upon completion of the study required under subdivision 2.

Subd. 4. [APPROPRIATION.] $300,000 is appropriated from the homestead credit trust for fiscal year 1992 to pay the cost of the study under subdivision 2.

Sec. 16. [REPEALER.]

Minnesota Statutes 1990, sections 273.1398, 477A.011, 477A.012, 477A.013, 477A.014, 477A.015, 477A.016, 477A.017, and 477A.03, are repealed, effective for property taxes payable in 1993.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 15 are effective the day following final enactment.

ARTICLE 2

LOCAL OPTION TAXES

Section 1. Minnesota Statutes 1990, section 297A.02, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as otherwise provided in this chapter, there is imposed an excise tax of ~~six~~ 4.5 percent of the gross receipts from sales at retail made by any person in this state.

Sec. 2. Minnesota Statutes 1990, section 297A.02, subdivision 2, is amended to read:

Subd. 2. [MACHINERY AND EQUIPMENT.] Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of special tooling is ~~four~~ 2.5 percent and upon sales of farm machinery is ~~two~~ 0.5 percent.

Sec. 3. Minnesota Statutes 1990, section 297A.02, subdivision 3, is amended to read:

Subd. 3. [LIQUOR AND BEER SALES.] Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of intoxicating liquor, as defined in section 340A.101, subdivision 14, and nonintoxicating malt liquor, as defined in section 340A.101, subdivision 19, shall be ~~8.5~~ seven percent. Nonintoxicating malt liquor is subject to taxation under this subdivision only when sold at an on-sale or off-sale municipal liquor store or other establishment licensed to sell any type of intoxicating liquor.

Sec. 4. [297A.021] [COUNTY LOCAL OPTION SALES TAX.]

Subdivision 1. [AUTHORIZATION.] (a) Notwithstanding section 477A.016, a county may, by resolution, impose a local sales and use tax at a rate of two percent on all sales at retail in the county.

(b) If the county imposes the tax under paragraph (a), the tax on retail sales and use of electricity billed to residences in the county shall be imposed at a rate of 0.165 cents per kilowatt hour. This rate must be annually adjusted as provided in section 297A.02, subdivision 5. This rate is in lieu of the tax rate under paragraph (a).

(c) The rate imposed under paragraph (a) applies to the purchase or acquisition of motor vehicles and is included in the rate imposed by section 297B.02.

Subd. 2. [TIMING.] (a) To impose the tax under subdivision 1, the county board must adopt the authorizing resolution by May 1 and notify the commissioner in writing no later than May 15. The tax applies to sales made after the next June 30. The tax continues in effect until the county board, by resolution, rescinds the tax. If the county board rescinds the tax, the tax remains effective for sales made through the next June 30 following the first May 1 after passage of the board's rescission resolution and the tax is repealed after that June 30. If the county board rescinds the tax, the county must notify the commissioner in writing by May 15 or the action is ineffective.

(b) In 1991, a county may impose the tax under this section by adopting a resolution by June 7, 1991, and notifying the commissioner by June 10, 1991. The tax so adopted is effective for sales made after June 30, 1991.

Subd. 3. [PUBLICATION IN STATE REGISTER.] The commissioner of revenue shall publish in the state register by June 1 of each year a list of the counties imposing the local option sales tax under this section. For 1991, the commissioner shall publish the list as soon as practical after receipt of the notices under subdivision 2.

Subd. 4. [ADMINISTRATION AND COLLECTION.] The tax imposed under this section shall be collected and administered by the commissioner in the manner provided by this chapter and chapters 289A and 297B.

Sec. 5. Minnesota Statutes 1990, section 297A.14, is amended by adding a subdivision to read:

Subd. 3. [COUNTY USE TAX.] For each county imposing a sales tax under section 297A.021, a use tax is imposed. This tax applies in the same manner and to the same items as the tax under subdivision 1, except that the county is substituted for the state of Minnesota and section 297A.021 is substituted for section 297A.02.

Sec. 6. Minnesota Statutes 1990, section 297A.259, is amended to read:

297A.259 [LOTTERY TICKETS; IN LIEU TAX.]

Sales of state lottery tickets are exempt from the tax imposed under section 297A.02. The state lottery division in the department of gaming must on or before the 20th day of each month transmit to the commissioner of revenue an amount equal to the gross receipts from the sale of lottery tickets for the previous month multiplied by the combined tax rate under ~~section~~ sections 297A.02, subdivision 1, and 297A.021, subdivision 1. The resulting payment is in lieu of the sales tax that otherwise would be imposed by this chapter. The commissioner shall deposit the money transmitted ~~in the general fund~~ as provided by section 297A.44 and the money must be treated as other proceeds of the sales tax. Gross receipts for purposes of this section mean the proceeds of the sale of tickets before deduction of a commission or other compensation paid to the vendor or retailer for selling tickets.

Sec. 7. Minnesota Statutes 1990, section 297A.44, subdivision 1, is amended to read:

Subdivision 1. (a) Except as provided in paragraphs (b), (c), and (d), and subdivision 4, all revenues, including interest and penalties, derived from the excise and use taxes imposed by sections 297A.01 to 297A.44 shall be deposited by the commissioner in the state treasury and credited to the general fund.

(b) All excise and use taxes derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project, from and after the date on which a conditional commitment for a loan guaranty for the project is made pursuant to section 41A.04, subdivision 3, shall be deposited in the Minnesota agricultural and economic account in the special revenue fund. The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account shall be reduced by any refunds and by the costs incurred by the department of revenue to administer and enforce the assessment and collection of the taxes.

(c) All revenues, including interest and penalties, derived from the excise and use taxes imposed on sales and purchases included in section 297A.01, subdivision 3, paragraphs (d) and (l), clauses (1) and (2), must be deposited by the commissioner in the state treasury, and credited as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance must be credited to the general fund.

(d) The revenues, including interest and penalties, derived from the taxes imposed on solid waste collection services as described in section 297A.45 shall be deposited by the commissioner in the state treasury and credited to the general fund to be used for funding solid waste reduction and recycling programs.

Sec. 8. Minnesota Statutes 1990, section 297A.44, is amended by adding a subdivision to read:

Subd. 4. [COUNTY LOCAL OPTION TAX.] The commissioner shall deposit all revenues, including interest and penalties, derived from the county local option excise tax imposed under sections 297A.021 and 297A.14 in the homestead credit trust fund.

Sec. 9. Minnesota Statutes 1990, section 297B.09, is amended by adding a subdivision to read:

Subd. 3. [HOMESTEAD CREDIT TRUST SHARE.] Notwithstanding subdivision 1, the commissioner of revenue shall deposit in the homestead credit trust all revenues, including interest and penalties, derived from the portion of the tax under this chapter attributable to the county local option excise tax under section 297A.021 in the homestead credit trust fund.

Sec. 10. [451.10] [MUNICIPAL FRANCHISE FEES.]

Subdivision 1. [AUTHORITY.] A municipality may require a public utility furnishing natural, manufactured, or mixed gas, or electricity in the municipality to obtain a license or franchise in accordance with the ordinances or regulations of the municipality and to pay a franchise fee, not exceeding three percent, based on the gross operating revenues or gross earnings from the utility's operations in the municipality.

Subd. 2. [EXEMPTION.] The gross earnings or operating revenues from the utility's operations in the municipality do not include revenue derived from the sale of natural, manufactured or mixed gas, or electricity by the public utility to another public utility for resale.

Subd. 3. [DEFINITIONS.] "Public utility" has the meaning given in section 216B.02, except it also includes (1) a municipality or cooperative electric association organized under chapter 308A, and (2) a public utility whose total natural gas business consists of supplying natural, manufactured or mixed gas to no more than 650 customers within the municipality.

"Municipality" means a statutory or home rule charter city or a county for earnings derived from service provided in the unincorporated area of the county.

Subd. 4. [PREEMPTION.] (a) The provisions of this section are the exclusive authority for municipalities to impose fees on electricity or gas utility franchises or licenses. This section does not affect the validity of an ordinance or rule imposing a fee or charge enacted before June 1, 1991, and such an ordinance or rule remains effective, except that the municipality may not increase the rate of the charge after June 1, 1991.

(b) This section shall not be construed to preempt the regulation of public utilities under other state or federal law.

Sec. 11. *Minnesota Statutes* 1990, section 469.190, subdivision 3, is amended to read:

Subd. 3. [~~DISPOSITION~~ USE OF PROCEEDS.] ~~Ninety-five per cent of~~ The ~~gross~~ proceeds ~~from any~~ of a tax imposed under subdivision 1 ~~shall~~ may be used by the statutory or home rule charter city ~~or~~, town ~~to fund a local convention or tourism bureau for the purpose of marketing and promoting the city or town as a tourist or convention center~~, or county for any purpose otherwise permitted by law. This subdivision shall not apply to ~~any statutory or home rule charter city or town that has~~ a lodging tax authorized by special law or enacted prior to 1972 at the time of enactment of this section.

Sec. 12. Minnesota Statutes 1990, section 469.190, subdivision 7, is amended to read:

Subd. 7. [COLLECTION.] The statutory or home rule charter city, town, or county may agree with the commissioner of revenue that a tax imposed pursuant to this section shall be collected by the commissioner together with the tax imposed by chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city.

Sec. 13. Laws 1980, chapter 511, section 1, subdivision 2, is amended to read:

Subd. 2. Notwithstanding Minnesota Statutes, Section 477A.01, Subdivision 18, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one percent on sales transactions which are described in Minnesota Statutes, Section 297A.01, Subdivision 3, Clause (c). The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions. ~~The tax imposed pursuant to this subdivision shall terminate no later than December 31, 1992.~~

Sec. 14. Laws 1990, chapter 604, article 6, section 9, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or other law, in addition to the tax authorized in Laws 1986, chapter 391, section 4, the governing body of the city of Bloomington may impose a tax of up to one 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, located in the city. The city may agree with the commissioner of revenue that a tax imposed under this section shall be collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city. The proceeds of the tax must be used ~~to promote the metropolitan sports area defined in Minnesota Statutes, section 473.551, subdivision 5~~ by the Bloomington convention bureau only to market and promote the city as a tourist or convention center. If the duties of the convention bureau as they existed on January 1, 1991, are assigned to another agency, the tax shall cease.

Sec. 15. [REVISOR'S INSTRUCTION.]

In the next edition of Minnesota Statutes, the revisor of statutes shall recodify Minnesota Statutes, section 469.190 to reflect the fact that the revenue from a lodging tax is no longer restricted to economic development purposes.

Sec. 16. [EFFECTIVE DATE.]

Sections 1 to 12 are effective for sales made after June 30, 1991. Section 13 is effective the day after approval in compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city council of Duluth. Section 14 takes effect the day after the governing body of the city of Bloomington complies with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 3

PROPERTY TAXES

Section 1. [117.57] [AUTHORITIES; RAILROAD PROPERTIES.]

Subdivision 1. [EMINENT DOMAIN.] The power of eminent domain of an authority, as defined in section 469.174, subdivision 2, extends to railroad properties located within the authority's limits, provided:

(1) the railroad property is not a line of track for which abandonment is required under federal law, or if it is a line of track for which abandonment is required under federal law, abandonment has been approved;

(2) some part of the property contains land pollution as defined in section 116.06, or contains a release or threatened release of petroleum, as provided in chapter 115C, or contains a release or threatened release of a pollutant, contaminant, hazardous substance, or hazardous waste, as provided in chapter 115B; and

(3) the authority intends to develop the property and has a plan for its cleanup and development within five years in order to maximize its market value.

Upon a showing by the petitioner in condemnation proceedings that the conditions described in clauses (1) to (3) exist, then the public use to which the authority would put the property is adjudged a superior public use to railroad use or any other past, present, or proposed future use, regardless of whether the property is held in trust, was previously acquired by condemnation, or is owned by a railroad.

Subd. 2. [RELATION TO STATE RAIL BANK.] Nothing in this section shall supersede the provisions of section 222.63.

Subd. 3. [RELATION TO REGIONAL RAILROAD AUTHORITIES.] An authority shall not be adjudged to have a superior public use to that of a regional railroad authority as defined in section 398A.01.

Sec. 2. Minnesota Statutes 1990, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM LEVY.] (a) The levy authorized by section 124A.23, subdivision 2, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy as a percentage of net tax capacity, the amount that will be raised by that local tax rate in the first year it is to be levied, and that the local tax rate shall be used to finance school operations. The ballot may state that existing levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring authority. The ballot shall designate the specific number of years for which the referendum authorization shall apply. The ballot

may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the levy proposed by (petition to) the board of ....., School District No. .., be approved?"

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer at the address listed on the school district's current year's assessment roll, a notice of the referendum and the proposed levy increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: "In 1989 the legislature reduced property taxes for education by increasing the state share of funding for education. However, state aid for cities and townships was reduced by a corresponding amount. As a result, property taxes for cities and townships may increase. Passage of this referendum will result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A levy approved by the voters of the district pursuant to paragraph (a) must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or

reduction referendum may be held to revoke or reduce a levy for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

(g) Any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) shall be prepared and delivered by first class mail at least 20 days before the referendum.

Sec. 3. Minnesota Statutes 1990, section 124A.03, is amended by adding a subdivision to read:

Subd. 2a. [SCHOOL REFERENDUM LEVY; MARKET VALUE.] Notwithstanding the provisions of subdivision 2, a school referendum levy approved after the day of final enactment, shall be levied against the market value of all taxable property. Any referendum levy amount subject to the requirements of this subdivision shall be certified separately to the county auditor under section 275.07.

The ballot shall state the maximum amount of the increased levy as a percentage of market value, the amount that will be raised by that new school referendum tax rate in the first year it is to be levied, and that the new school referendum tax rate shall be used to finance school operations.

If approved, the amount provided by the new school referendum tax rate applied to the market value for the year preceding the year the levy is certified, shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

All other provisions of subdivision 2 that do not conflict with this subdivision shall apply to referendum levies under this subdivision.

Sec. 4. Minnesota Statutes 1990, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 1a, 6, 8, ~~and~~ 9, 11, and 12, or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under $100 is rounded up to $100 and any amount exceeding $100 shall be rounded to the nearest $100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. The assessor shall take into account the effect on the market value of property of environmental factors in the vicinity of the property. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the valuation 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, that lot ~~or any single contiguous lot fronting on the same street~~ shall be eligible for revaluation. All property, or the use thereof, which is taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Sec. 5. Minnesota Statutes 1990, section 273.11, is amended by adding a subdivision to read:

Subd. 1a. [GENERAL AND ROUTINE MAINTENANCE.] General and routine maintenance of structures classified under section 273.13, subdivisions 22 and 23, shall not be subject to assessment and shall be disregarded in establishing market value, provided that it is owned by the same taxpayer in the current and previous

years' assessment. For purposes of this subdivision, "general and routine maintenance" includes, but is not limited to, the following items:

(1) roof repair, including replacement;

(2) siding repair, including replacement;

(3) window repair, including replacement;

(4) paint, stain, wallpaper, and floor coverings;

(5) smoke detection, security, and sprinkler systems;

(6) plumbing repair, including replacement;

(7) electrical rewiring; and

(8) any maintenance necessary to bring the structure into conformance with building codes and minimum housing standards. General and routine maintenance does not include any structural changes made to the improvement such as adding square footage, changing interior walls, adding a bathroom, or adding a fireplace.

Sec. 6. Minnesota Statutes 1990, section 273.11, is amended by adding a subdivision to read:

Subd. 11. [VALUATION OF RESTORED WETLAND.] Wetlands restored by a federal, state, or local government, or by a nonprofit organization, must be valued by county assessors at its wetland value. The commissioner of revenue shall establish guidelines for the assessors by October 1, 1991, in determining an appropriate market value for this property for its use as wetlands. Any other potential use of this land must be disregarded in establishing the market value. The property owner shall notify the county assessor of the county in which the property is located that the property has been granted wetland status and provide any necessary documentation that the assessor requires to verify the property's wetland status.

For purposes of this subdivision, "wetlands" means lands transitional between terrestrial and aquatic systems where the water table is usually at or near the surface or the land is covered by shallow water. For purposes of this definition, wetlands must have the following three attributes:

(1) have a predominance of hydric soils;

(2) are inundated or saturated by surface or ground water at a frequency and duration sufficient to support a prevalence of hydro-

phytic vegetation typically adapted for life in saturated soil conditions; and

(3) under normal circumstances support a prevalence of such vegetation.

Sec. 7. Minnesota Statutes 1990, section 273.11, is amended by adding a subdivision to read:

Subd. 12. [LOW-INCOME HOUSING.] In addition to the normal market value determination, a special market value for properties classified under section 273.13, subdivision 25, paragraph (c), clauses (1)(ii), (3), and (4), which have applied for treatment under this subdivision, shall be determined by capitalizing the net operating income derived from actual restricted rents and standardized expenses which are from time to time determined by the housing finance agency for like projects. Net operating incomes must be greater than zero. The special market value shall be used to compute the taxes owing only on that portion of the structure occupied by low-income, elderly, or handicapped persons or low- and moderate-income families as defined in the applicable laws. Management of properties valued under this subdivision must demonstrate annually to the assessor that tax savings realized by use of this method of valuation have inured to the tenants. The tax savings shall be used for reduced rents, improved maintenance, capital improvements, or capital reserves. Capital reserves must be in accordance with agreements approved by the governmental regulatory authority. After the first year, certification that the funds have been spent as required shall be made by an independent auditor performing the financial audit or review on the property as required by the regulatory authority. If it is determined from the audit that the benefit has not inured to the tenants, the independent auditor shall notify the county assessor and the assessor shall impose additional property taxes in the amount of triple the difference between the taxes determined in accordance with this subdivision and the amount it would pay if it were valued according to subdivision 1 and classified according to section 273.13, subdivision 25, paragraph (a) or (b), as appropriate for those years in which the benefit of the tax savings did not inure to the tenants.

Sec. 8. Minnesota Statutes 1990, section 273.112, subdivision 1, is amended to read:

Subdivision 1. This section may be cited as the "Minnesota ~~open space~~ recreational property tax law."

Sec. 9. Minnesota Statutes 1990, section 273.112, subdivision 2, is amended to read:

Subd. 2. The present general system of ad valorem property taxation in the state of Minnesota does not provide an equitable

basis for the taxation of certain private ~~outdoor~~ recreational, open space and park land property and has resulted in excessive taxes on some of these lands. Therefore, it is hereby declared that the public policy of this state would be best served by equalizing tax burdens upon private ~~outdoor~~, recreational, open space and park land within this state through appropriate taxing measures to encourage private development of these lands which would otherwise have to be provided by governmental authority.

Sec. 10. Minnesota Statutes 1990, section 273.112, subdivision 3, is amended to read:

Subd. 3. Real estate shall be entitled to valuation and tax deferment under this section only if it is:

(a) actively and exclusively devoted to golf, skiing, or archery or firearms range recreational use or uses and other recreational uses carried on at the establishment;

(b) five acres in size or more, except in the case of an archery or firearms range or an establishment actively and exclusively devoted to indoor fitness, health, social, recreation, and related uses in which the establishment is owned and operated by a nonprofit corporation;

(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 membership allows use of golf course facilities by more than one adult per membership, the use must be equally available to all adults entitled to use of the golf course under the membership, except that use may be restricted on the basis of sex as permitted in this section. Memberships that permit play during restricted times may be allowed only if the restricted times apply to all adults using the membership. A golf club may not offer a membership or golfing privileges to a spouse of a member that provides greater or less access to the golf course than is provided to

that person's spouse under the same or a separate membership in that club, except that the terms of a membership may provide that one spouse may have no right to use the golf course at any time while the other spouse may have either limited or unlimited access to the golf course.

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.

A golf club that has food or beverage facilities or services must allow equal access to those facilities and services for both men and women members in all membership categories at all times. Nothing in this paragraph shall be construed to require service or access to facilities to persons under the age of 21 years or require any act that would violate law or ordinance regarding sale, consumption, or regulation of alcoholic beverages.

For purposes of this subdivision and subdivision 7a, discrimination means a pattern or course of conduct and not linked to an isolated incident.

Sec. 11. Minnesota Statutes 1990, section 273.112, subdivision 4, is amended to read:

Subd. 4. The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 6, be determined solely with reference to its appropriate private ~~outdoor~~, recreational, open space and park land classification and value notwithstanding sections 272.03, subdivision 8, and 273.11. In determining such value for ad valorem tax purposes the assessor shall not consider the value such real estate would have if it were converted to commercial, industrial, residential or seasonal residential use.

Sec. 12. Minnesota Statutes 1990, 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 net tax capacity 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.

Sec. 13. Minnesota Statutes 1990, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

The assessor shall require proof, by affidavit or otherwise, of the facts upon which classification as a homestead may be determined.

For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

In the case of property owned by a married couple in joint tenancy or tenancy in common, the assessor must not deny homestead treatment in whole or in part if only one of the spouses is occupying the property and the other spouse is absent due to divorce or separation, or is a resident of a nursing home or a boarding care facility.

If property is owned in joint tenancy or tenancy in common by parents and children who occupy the property for purposes of a homestead, the assessor must not deny homestead treatment in whole or in part because a parent or a child ceases to occupy the property. For purposes of this paragraph, "parents" and "children" include relationships by marriage.

If an individual is purchasing property with the intent of claiming it as a homestead, and is required by the terms of the financing agreement to have ~~one or both parents~~ a relative shown on the deed as ~~coowners~~ a coowner, the assessor shall allow a full homestead classification ~~and extend full homestead credit~~. This provision only applies to first time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. For purposes of this paragraph, "relative" means a parent, stepparent, grandparent, brother, sister, uncle, or aunt. The relationship may be by blood or marriage. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

Sec. 14. Minnesota Statutes 1990, section 273.124, subdivision 7, is amended to read:

Subd. 7. [LEASED BUILDINGS OR LAND.] For purposes of class 1 determinations, homesteads include:

(a) buildings and appurtenances owned and used by the occupant as a permanent residence which are located upon land the title to which is vested in a person or entity other than the occupant;

(b) all buildings and appurtenances located upon land owned by the occupant and used for the purposes of a homestead together with the land upon which they are located, if all of the following criteria are met:

(1) the occupant is using the property as a permanent residence;

(2) the occupant is paying the property taxes and any special assessments levied against the property;

(3) the occupant has signed a lease which has an option to purchase the buildings and appurtenances;

(4) the term of the lease is at least five years; and

(5) the occupant has made a down payment of at least $5,000 in cash if the property was purchased by means of a contract for deed or subject to a mortgage;

(c) buildings and appurtenances, together with the land upon which they are located, leased by the occupant under a lease-purchase program administered by the Minnesota housing finance agency or a city, provided the occupant's income is no greater than 60 percent of the county or area median income. For purposes of this subdivision, "city" has the meaning given in section 462C.02, subdivision 6;

(d) buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the federal national mortgage association, provided the occupant's income is no greater than 60 percent of the county or area median income; and

(e) federally acquired building and appurtenances, together with the land upon which they are located that is leased to a nonprofit corporation organized under chapter 317A that qualifies for tax exempt status under United States Code, title 26, section 501(c), or a housing and redevelopment authority authorized under sections 469.001 to 469.047. The purpose of the lease must be to allow the nonprofit corporation to provide homeownership opportunities or transitional housing for homeless persons. If the property is purchased from the federal government by the nonprofit corporation for the purpose of continuing to provide transitional housing after the expiration of the lease, the property shall continue to be eligible for homestead treatment under this subdivision.

Any taxpayer meeting ~~all~~ the requirements of ~~this~~ paragraph (b), (c), (d), or (e) must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, as soon as possible after signing the lease agreement and occupying the buildings as a homestead.

Sec. 15. Minnesota Statutes 1990, section 273.124, subdivision 14, is amended to read:

Subd. 14. [AGRICULTURAL HOMESTEADS; SPECIAL PROVISIONS.] (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous ~~to agricultural land~~ on at least two sides to (i) agricultural land, (ii)

land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the department of natural resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than two townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the *noncontiguous* land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this subdivision shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4).

(b) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than two townships or cities or combination thereof from the homestead.

(c) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

Sec. 16. Minnesota Statutes 1990, 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 $68,000 of market value of class 1a property has a net class rate of one percent of its market value and a gross class rate of 2.17 percent of its market value. For taxes payable in 1992, the

market value of class 1a property that exceeds $68,000 but does not exceed $110,000 has a class rate of two percent of its market value.; and the market value of class 1a property that exceeds $110,000 has a class rate of ~~three~~ 2.5 percent of its market value. For taxes payable in 1993 and thereafter, the market value of class 1a property that exceeds $68,000 has a class rate of two percent.

(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; or

(G) a pension from a local union if the pension is guaranteed by the federal government; or

~~(iii)~~ (4) any person who is permanently and totally disabled and whose household income as defined in section 290A.03, subdivision 5, is 150 percent or less of the federal poverty level.

Property is classified and assessed under clause (4) only if the government agency or income-providing source certifies, upon the request of the property owner, that the property owner satisfies the disability requirements of this subdivision.

Property is classified and assessed pursuant to clause (1) only if the commissioner of jobs and training certifies to the assessor that the owner of the property satisfies the requirements of this subdivision.

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. The first $32,000 market value of class 1b property has a net class rate of .45 percent of its market value and a gross class rate of .87 percent of its market value. The remaining market value of class 1b property has a gross or net class rate using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(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 225 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort or a partner in a partnership that owns the resort, even if the title to the homestead is held by the corporation or partnership. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used or available for use for residential occupancy and a fee is charged for residential occupancy. Class 1c property has a class rate of .4 percent of the first $32,000 of market value for taxes payable in 1990, .6 percent of the first $32,000 of market value for taxes payable in 1991, .8 percent of the first $32,000 of market value for taxes payable in 1992, and one percent of market value in excess of $32,000 for taxes payable in 1990, 1991, and 1992, and one percent

of total market value for taxes payable in 1993 and thereafter 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.

Sec. 17. Minnesota Statutes 1990, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial and industrial property and utility real and personal property, except class 5 property as identified in subdivision 31, clause (1), is class 3a. It has a class rate of 3.3 percent of the first $100,000 of market value for taxes payable in 1990, 3.2 percent for taxes payable in 1991, 3.1 percent for taxes payable in 1992, and three percent for taxes payable in 1993 and thereafter, and 5.06 percent of the market value over $100,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first $100,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first $100,000 of market value.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a class rate of 2.3 percent of the first $50,000 of market value and 3.6 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c), the class rate of the first $100,000 of market value and the class rate of the remainder is determined under paragraph (a), unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.

(c) Class 3c property includes airport hangars that are:

(1)(i) owned by a private individual, association, or corporation, or (ii) leased by a private individual, association, or corporation in connection with a business conducted for profit other than an aviation-related business; and

(2) located at an airport owned by a city, town, county, or group of cities, towns, or counties, except an airport owned or operated by the metropolitan airports commission or by a city of over 50,000 population according to the most recent federal census.

Class 3c property has a class rate of 3.1 percent for taxes payable in 1992, and three percent for taxes payable in 1993, and thereafter.

Sec. 18. Minnesota Statutes 1990, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a class rate of 3.6 percent of market value for taxes payable in 1992, and 3.35 percent of market value for taxes payable in 1993 and thereafter.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 3.0 percent of market value for taxes payable in 1992, and 2.75 percent of market value for taxes payable in 1993 and thereafter.

(c) Class 4c property includes:

(1) a structure that is ~~situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan;~~:

(i) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act

and financed by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) situated on real property that is used for housing the elderly or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules promulgated by the agency pursuant thereto and financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan.

(2) a structure that is:

(i) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988; or (ii) meets the requirements of that section and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents. Classification pursuant to this clause is limited to a term of 15 years, or the original term of the financing.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents. Properties described in clauses (1)(ii), (3), and (4) may apply annually to the assessor for valuation under section 273.11, subdivision 12. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units. This clause applies only to the property of a nonprofit or limited dividend entity.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (a) it is a nonprofit corporation organized under chapter 317A; (b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (c) it limits membership with voting rights to residents of the designated community; and (d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 225 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used, or available for use for residential occupancy, and a fee is charged for residential occupancy. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 225 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts;

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized

and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1988. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and

(8) manufactured home parks as defined in section 327.14, subdivision 3.

Class 4c property has a class rate of 2.3 percent of market value, except that (i) manufactured home park property under clause (8) has a class rate of 3 percent of market value for taxes payable in 1991 and 2.3 percent of market value for taxes payable in 1992, and thereafter, and (ii) property devoted to noncommercial seasonal residential for recreational purposes has a class rate of 2.0 percent of market value for taxes payable in 1993 and thereafter.

(d) Class 4d property includes any structure:

(i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the Farmers Home Administration;

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the Farmers Home Administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The class rates in paragraph (c), clauses (1), (2), and (3) and this

clause apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. Classification under this clause is only available to property of a nonprofit or limited dividend entity.

Class 4d property has a class rate of ~~1.7 percent of market value for taxes payable in 1990, and~~ two percent of market value ~~for taxes payable thereafter~~.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (2); paragraph (c), clause (1), (2), (3), or (4), is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 19. Minnesota Statutes 1990, section 273.13, subdivision 31, is amended to read:

Subd. 31. [CLASS 5.] Class 5 property includes:

(1) tools, implements, and machinery of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures;

(2) unmined iron ore and low-grade iron-bearing formations as defined in section 273.14; and

(3) ~~vacant land; and~~

~~(4)~~ all other property not otherwise classified.

Class 5 property has a class rate of 5.06 percent of market value.

Sec. 20. Minnesota Statutes 1990, section 273.13, subdivision 32, is amended to read:

Subd. 32. [TARGET CLASS RATE.] All classes of property with a class rate of 5.06 percent have a target class rate of four percent. At the time of submission of the biennial budget under section 16A.11,

the governor shall recommend the effective class rate for taxes payable in the following two calendar years by designating a "phase-in percentage," equal to the proportion of the effective class rate that will be based on the target class rate of four percent, with the remaining proportion based on the class rate of 5.06 percent. The governor shall identify and include within the budget funding for the increased expenditures for homestead and agricultural credit aid over the amount of expenditures for homestead and agricultural credit aid provided in Laws 1989, First Special Session chapter 1, that are estimated to result from the recommendation. At that time, the governor may propose alternative programs other than homestead and agricultural credit aid to prevent other taxpayers' taxes from increasing as a result of the governor's recommended increase in the phase-in percentage. The effective net class rate is the sum of the products of:

(1) the phase-in percentage adopted by the legislature multiplied by four percent; and

(2) 100 percent minus the phase-in percentage multiplied by 5.06 percent.

The phase-in percentage in any year cannot be less than it was in the prior year. The phase-in percentage is ten percent for taxes payable in 1991 ~~is ten percent provided that the governor may recommend an alternative phase-in percentage for taxes payable in 1991~~, 19.8 percent for taxes payable in 1992, and 29.2 percent for taxes payable in 1993.

Beginning in 1991, the commissioner of revenue shall annually set the effective class rate to use for taxes payable in the following year as provided in this subdivision and announce it by June 1. For purposes of any aid, levy limitation, debt limit, or salary limitation, and property tax administration, net tax capacity must be computed with reference to the effective class rate for the properties affected by this subdivision.

Sec. 21. Minnesota Statutes 1990, section 273.13, is amended by adding a subdivision to read:

Subd. 33. [UNIMPROVED PROPERTY.] Real property that is not improved with a structure and that is not used as part of a commercial or industrial activity must be classified and assessed according to its highest and best use permitted under the local zoning ordinance. If the ordinance permits more than one use, the land must be classified and assessed according to the highest and best use permitted under the ordinance. If no such ordinance exists, the assessor shall consider the most likely potential use of the vacant land based upon the use made of surrounding land or land in proximity to the vacant land.

Sec. 22. Minnesota Statutes 1990, section 275.065, subdivision 1a, is amended to read:

Subd. 1a. [OVERLAPPING JURISDICTIONS.] In the case of a taxing authority lying in two or more counties, the home county auditor shall certify the proposed levy to the other county auditor by September 20 for taxes levied in 1990~~,~~ and ~~thereafter~~ 1991, and the proposed local tax rate by September 5 for taxes levied in ~~1991,~~ 1992 and thereafter~~, for counties containing a city of the first class~~. The home county auditor must estimate the levy or rate in preparing the notices required in subdivision 3, if the other county has not certified the appropriate information. If requested by the home county auditor, the other county auditor must furnish an estimate to the home county auditor.

Sec. 23. Minnesota Statutes 1990, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver on or before November 10 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year as required in paragraph (d) or (e) and, for a town, the amount of its final levy. It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. It must state the time and place for the continuation of the hearing if the hearing is not completed on the original date.

(d) ~~Except as provided in paragraph (e),~~ For taxes levied in 1990 and 1991, the notice must state by county, city or town, and school district:

(1) the total proposed or, for a town, final property tax levy for taxes payable the following year after reduction for state aid;

(2) the percentage increase or decrease from the actual property tax levy for taxes payable in the current year; and

(3) for counties, cities, and towns, the increase or decrease in population from the second previous calendar year to the immediately prior calendar year, and for school districts, the increase or decrease in the number of pupils in average daily membership from the second previous school year to the immediately prior school year as determined by the commissioner of education. The data used to determine the increase or decrease in population under this clause must be the data used for purposes of the population adjustment to the levy limit base of the county, city, or town under section 275.51, subdivision 6.

For purposes of this paragraph, "proposed property taxes after reduction for state aid" means the taxing authority's levy certified under section 275.07, subdivision 1.

(e) ~~In the case of a county containing a city of the first class, or taxing authority lying wholly within a county or counties containing a city of the first class, for taxes levied in 1991, and thereafter, and for all counties~~ For taxes levied in 1992 and thereafter, the notice must state for each parcel:

(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year;

(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.

(f) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a

natural disaster occurring after the date the proposed taxes are certified; and

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified.

Sec. 24. Minnesota Statutes 1990, section 275.065, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) A city that has a population of more than 1,000 as determined by the state demographer under section 116K.04, subdivision 4, county, or school district shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or, in the case of a school district, ~~a property tax levy~~ to review its current budget and proposed property taxes payable in the following year, at a public hearing. The notice must be published not less than two business days nor more than six business days before the hearing.

The advertisement must be at least ~~one-eighth~~ one-quarter page in size of a standard-size or a tabloid-size newspaper, and the headlines in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than ~~24-point~~ 22-point. The text of the advertisement must be no smaller than ~~18-point~~ 14-point, except that the property tax amounts and percentages may be in ~~14-point~~ 12-point type. The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.

(b) The advertisement must be in the following form, except that the notice for a school district ~~must not~~ may include references to the current budget ~~hearings or to adoption of a budget~~ in regard to proposed property taxes:

"NOTICE OF

PROPOSED PROPERTY TAXES

(City/County/School District) of .....

The governing body of ..... will soon hold budget hearings and vote on the property taxes for (city/county services that will be provided

in 199__/school district services that will be provided in 199__ and 199__).

The property tax amounts below compare current (city/county/school district) property taxes and the property taxes that would be collected in 199__ if the budget now being considered is approved.

199__ Property Taxes	Proposed 199__ Property Taxes	199__ Increase or Decrease
$.....	$.....	.....%

NOTICE OF PUBLIC HEARING:

All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (city/county/school district) budget and property taxes or in the case of a school district, its current budget and proposed property taxes, payable in the following year. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address).

A continuation of the hearing, if necessary, will be held on (Month/Day/Year) at (Time) at (Location, Address).

Written comments may be directed to (Address)."

(c) A city with a population of 1,000 or less may advertise by posted notice as defined in section 645.12, subdivision 1. The advertisement must be posted at the time provided in paragraph (a). It must be in the form required in paragraph (b).

Sec. 25. Minnesota Statutes 1990, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 15 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to review its current budget and adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The property tax levy certified under section 275.07 by a city, county, or school district must not exceed the proposed levy deter-

mined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124A.03, subdivision 2, or 124.82, subdivision 3, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters under section 275.58 after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; and

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body school districts, shall adopt its final property tax levy prior to adopting its final budget.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The county auditor shall provide for the coordination of hearing dates for all taxing authorities within the county.

By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditors of the counties in which the school district is located the dates on which it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by

August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with those elected by or assigned to the counties and school districts in which the city is located.

The hearing dates so elected or assigned must be designated on the notices required under subdivision 3.

This subdivision does not apply to towns and special taxing districts.

Sec. 26. Minnesota Statutes 1990, section 275.08, subdivision 1b, is amended to read:

Subd. 1b. The amounts certified under section 275.07 after adjustment under section 275.07, subdivision 3, by an individual local government unit, except for any amounts certified under section 124A.03, subdivision 2a, and section 275.60, shall be divided by ~~the total gross tax capacity of all taxable properties within the local government unit's taxing jurisdiction for tax payable in 1989 and by~~ the total net tax capacity of all taxable properties within the local government unit's taxing jurisdiction~~, for taxes payable in 1990 and thereafter~~. The resulting ratio, the local government's local tax rate, multiplied by each property's ~~gross tax capacity for taxes payable in 1989 and~~ net tax capacity ~~for taxes payable in 1990 and subsequent years~~ shall be each property's ~~total~~ tax for that local government unit before reduction by any credits.

Any amount certified to the county auditor under section 124A.03, subdivision 2a, or under section 275.60, shall be divided by the total estimated market value of all taxable properties within the taxing district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each property's estimated market value shall be each property's new referendum tax before reduction by any credits.

Sec. 27. [275.59] [LEVY OR BOND REFERENDUM; BALLOT NOTICE.]

Notwithstanding any general or special law or any charter provisions, any question submitted to the voters by any local governmental subdivision at a general or special election after the day of final enactment, authorizing a property tax levy or tax rate increase, including the issuance of debt obligations payable in whole

or in part from property taxes, must include on the ballot the following notice in bold-face type.

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE."

For purposes of this section, "local governmental subdivision" includes counties, home rule and statutory cities, towns, school districts, and all special taxing districts. This statement is in addition to any general or special laws or any charter provisions that govern the contents of a ballot question.

Sec. 28. [275.60] [REFERENDUM LEVY; MARKET VALUE.]

Any levy required to be approved and approved by the voters at a general or special election after the day of final enactment, including school district referenda under section 124A.03, subdivision 29, shall be levied against the market value of all taxable property within the governmental subdivision. Any levy amount subject to the requirements of this section shall be certified separately to the county auditor under section 275.07.

The ballot shall state the maximum amount of the increased levy as a percentage of market value and the amount that will be raised by the new referendum tax rate in the first year it is to be levied.

Sec. 29. [276.035] [DISCOUNT FOR PREPAYMENT.]

Subdivision 1. [DISCOUNT ALLOWED; AMOUNT.] The county treasurer shall allow a percentage discount to a taxpayer who pays property taxes on qualifying property in full on or before May 15 or ten days after the postmark date on the envelope containing the property tax statement, whichever is later. The discount applies to payment of current taxes only, after all delinquent taxes, interest, and penalties have been paid.

The percentage discount is one-fourth of the percentage rate determined under section 270.75, subdivision 5. The commissioner of revenue shall determine and notify county treasurers by January 1 of the discount percentage for taxes payable in the current year.

Subd. 2. [DEFINITIONS.] For purposes of this section:

(1) "Taxes" means only real property taxes and property taxes due under section 273.19, after reduction for any credits, if the taxes exceed $50. Except as provided in this subdivision "taxes" does not include taxes on personal property, special assessments, or payments or special assessments imposed in lieu of taxes; and

(2) "Qualifying property" means property classified under section 273.13, subdivisions 22, 23, and 25.

Subd. 3. [DISTRIBUTION.] The amount of the taxes collected after application of the discount must be apportioned among and distributed to the local taxing jurisdiction by the county auditor and treasurer as part of the settlement under sections 276.09 to 276.11.

Sec. 30. Minnesota Statutes 1990, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain 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 must be separately stated. 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 boldface 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."

(b) 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.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value as defined in section 272.03, subdivision 8;

(2) the property's gross tax, calculated by multiplying the property's ~~gross~~ net tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in ~~clause~~ clauses (3) and (4);

(3) a total of the following aids:

(i) education aids payable under chapters 124 and 124A;

(ii) local government aids for cities, towns, and counties under chapter 477A; and

(iii) disparity reduction aid under section 273.1398;

(4) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by ~~multiplying~~ apportioning the total ~~local tax rate by~~ homestead and agricultural credit aid under section 273.1398, subdivision 2, to all property types which qualified for either homestead or agricultural credit for taxes payable in 1989, based upon the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." ~~For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989~~ For taxes payable in 1992, the statement shall indicate that this item may be different than the amount shown on the previous year's statement due to a change in the way the credit is calculated;

(5) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; ~~and~~

(6) the net tax payable in the manner required in paragraph (a)~~.~~; and

(7) any additional amount of tax authorized under sections 124A.03, subdivision 2a, and 275.60. These amounts shall be listed as "voter approved referenda levies."

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year for each unique taxing jurisdiction as defined in section 273.1398, subdivision 1. ~~In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties~~ For taxes levied in 1992 and thereafter, the commissioner must certify this amount by September 1.

(d) Property tax statements must notify taxpayers that a discount is available for prepayment of the entire tax amount in the case of qualifying property as defined under section 276.035, subdivision 2, clause (2). It must state that payment must be made by the later of

May 15 or ten days after the postmark date on the envelope containing the property tax statement.

Sec. 31. Minnesota Statutes 1990, section 279.03, subdivision 1a, is amended to read:

Subd. 1a. [RATE AFTER DECEMBER 31, 1990.] (a) Except as provided in paragraph (b), interest on delinquent property taxes, penalties, and costs unpaid on or after January 1, 1991, shall be payable at the per annum rate determined in section 270.75, subdivision 5. If the rate so determined is less than ten percent, the rate of interest shall be ten percent. The maximum per annum rate shall be 14 percent if the rate specified under section 270.75, subdivision 5, exceeds 14 percent. The rate shall be subject to change on January 1 of each year.

(b) If a person is the owner of one or more parcels of property on which taxes are delinquent, and the aggregate tax capacity of that property exceeds five percent of the total tax capacity of the school district in which the property is located, or the owner of one or more parcels of property owes more than 25 percent of the prior year's school district levy, interest on the delinquent property taxes, penalties, and costs unpaid after January 1, 1992, shall be payable at twice the rate determined under paragraph (a) for the year.

Sec. 32. Minnesota Statutes 1990, 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 25, paragraph ~~(d)(1) or~~ (c)~~(4)~~ clause (5), ~~in~~ for which ~~event~~ the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is three years from the date of sale. The period of redemption for all lands located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, except homesteaded lands as defined in section 273.13, subdivision 22, and sold to the state at a tax judgment sale is 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, except that the period of redemption for nonhomesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (b), shall be two years from the date of sale if at that time, that property is owned by a person who owns one or more parcels of property on which taxes are delinquent, and the aggregate tax capacity of that property exceeds five percent of the total tax capacity of the school district in which the property is located, or the owner of one or more parcels of that property owes more than 25 percent of the prior year's school district levy.

Sec. 33. Minnesota Statutes 1990, section 430.102, subdivision 3, is amended to read:

Subd. 3. [ANNUAL IMPROVEMENT ASSESSMENT PROCEDURE; APPEALS.] When the council has acted on the estimate of costs, the city engineer, with the assistance of the city assessor, shall prepare an assessment roll. The roll must list separately the amounts to be specially assessed against benefited and assessable property in the district in proportion to the benefits, descriptions of the property, and the names of the owners of the property to the extent they are available to the engineer. The assessment roll must be filed in the office of the city clerk and be available there for inspection.

The city council shall meet to consider objections to the amounts of special assessments at least ten days after a notice of hearing has been mailed to the named owners of the tracts, parcels, and lots of property proposed to be assessed. The notice must give the time, place, and purpose of the meeting, but may refer to the assessment roll for further particulars. When the city council has approved the amounts of the special assessments in the assessment roll or has changed them, the city clerk shall certify a copy of the assessment roll, with any changes, to the county auditor to be extended on the tax lists of the county. The special assessments must be collected with and in the same manner as other taxes on property for the current year.

Within 20 days after the adoption of the assessment, an aggrieved person may appeal to the district court as provided in section 430.03 except that no commissioners will be appointed to consider the amount of benefits. If the court finds that the assessment is not arbitrary, unreasonable, or made under a demonstrable mistake of fact or erroneous theory of law, it shall confirm the proceedings~~;~~. If the court finds that the assessment is valid but for the inclusion of one or more items of cost, it shall reduce the assessment by the amount erroneously included and confirm the assessment as reduced. Otherwise the court shall remand the matter to the city council for reconsideration and reassessment of the benefits after notice and hearing like those for the original assessments under this

subdivision. Objections to the assessment are waived unless appealed under this paragraph.

Sec. 34. Minnesota Statutes 1990, section 430.102, subdivision 4, is amended to read:

Subd. 4. [COSTS AND ANNUAL IMPROVEMENTS DEFINED.] For the purposes of this chapter, with respect to pedestrian malls, "annual improvements" means any reconstruction, replacement, or repair of trees and plantings, *furniture*, roadway fixtures, sidewalks, shelters, and other facilities of a pedestrian mall, snow removal, sweeping, furnishing overhead or underground heating ~~for snow removal or~~ for enjoyment of pedestrians, and any other local improvement benefiting properties within the district. For the purposes of this chapter, with respect to annual improvements to and operation and maintenance of pedestrian malls, "costs" means costs of annual improvements, fees of consultants employed by the city council to assist in the planning of annual improvements, premiums on public liability insurance insuring the city and users of the pedestrian mall and on property damage insurance for pedestrian mall *facilities*, reasonable and necessary costs to the city for the time of city officials, the advisory board, and employees spent in connection with annual improvements to and operating and maintaining a pedestrian mall and levying and collecting special assessments and special taxes for the mall, publication costs, and other costs incurred or to be incurred in connection with annual improvements to and operation and maintenance of pedestrian malls.

Sec. 35. Minnesota Statutes 1990, section 473F.01, is amended to read:

473F.01 [PURPOSE; USE OF PROCEEDS.]

Subdivision 1. [PURPOSE.] The legislature finds it desirable to improve the revenue raising and distribution system in the seven county Twin Cities area to accomplish the following objectives:

(1) To provide a way for local governments to share in the resources generated by the growth of the area, without removing any resources which local governments already have;

(2) To increase the likelihood of orderly urban development by reducing the impact of fiscal considerations on the location of business and residential growth and of highways, transit facilities and airports;

(3) To establish incentives for all parts of the area to work for the growth of the area as a whole;

(4) To provide a way whereby the area's resources can be made

available within and through the existing system of local governments and local decision making;

(5) To help communities in different stages of development by making resources increasingly available to communities at those early stages of development and redevelopment when financial pressures on them are the greatest; and

(6) To encourage protection of the environment by reducing the impact of fiscal considerations so that flood plains can be protected and land for parks and open space can be preserved; ~~and~~

~~(7) To provide for the distribution to municipalities of additional revenues generated within the area or from outside sources pursuant to other legislation.~~

Subd. 2. [USE OF PROCEEDS.] Except as provided in section 473F.08, subdivision 3a, the proceeds from the areawide tax imposed under this chapter must be used by a local governmental unit in the same manner and for the same purposes as the proceeds from other ad valorem taxes levied by the local governmental unit.

Sec. 36. Minnesota Statutes 1990, section 473F.02, subdivision 3, is amended to read:

Subd. 3. "Commercial-industrial property" means the following categories of property, as defined in section 273.13, excluding that portion of such property (1) which may, by law, constitute the tax base for a tax increment pledged ~~pursuant to~~ under section 469.042 or 469.162, certification of which was requested prior to August 1, 1979, to the extent and while such tax increment is so pledged; or (2) ~~which may, by law, constitute the tax base for tax revenues set aside and paid over for credit to a sinking fund pursuant to direction of the city council in accordance with Laws 1963, chapter 881, as amended, to the extent that such revenues are so treated in any year; or (3)~~ which is exempt from taxation ~~pursuant to~~ under section 272.02:

(a) That portion of class 3 property defined in Minnesota Statutes 1971, section 273.13, consisting of stocks of merchandise and furniture and fixtures used therewith; manufacturers' materials and manufactured articles; and tools, implements and machinery, whether fixtures or otherwise.

(b) That portion of class 4 property defined in Minnesota Statutes 1971, section 273.13, which is ~~either~~ used ~~or zoned for use~~ for any commercial or industrial purpose, except for such property which is, or, in the case of property under construction, will when completed be used exclusively for residential occupancy and the provision of services to residential occupants thereof. Property shall be considered as used exclusively for residential occupancy only if each of not

less than 80 percent of its occupied residential units is, or, in the case of property under construction, will when completed be occupied under an oral or written agreement for occupancy over a continuous period of not less than 30 days.

If the classification of property prescribed by section 273.13 is modified by legislative amendment, the references in this subdivision shall be to such successor class or classes of property, or portions thereof, as embrace the kinds of property designated in this subdivision.

Sec. 37. Minnesota Statutes 1990, section 473F.02, subdivision 8, is amended to read:

Subd. 8. "Municipality" means a city, town, or township located in whole or part within the area, but not the cities of New Prague or Northfield. If a municipality is located partly within and partly without the area, the references in sections 473F.01 to 473F.13 to property or any portion thereof subject to taxation or taxing jurisdiction within the municipality are to such property or portion thereof as is located in that portion of the municipality within the area, except that the fiscal capacity of such a municipality shall be computed upon the basis of the valuation and population of the entire municipality.

A municipality shall be excluded from the area if its municipal comprehensive zoning and planning policies conscientiously exclude most commercial-industrial development, for reasons other than preserving an agricultural use. The metropolitan council and the commissioner of revenue shall jointly make this determination annually and shall notify those municipalities that are ineligible to participate in the tax base sharing program provided in this chapter for the following year.

Sec. 38. Minnesota Statutes 1990, section 473F.02, subdivision 12, is amended to read:

Subd. 12. "Market value" of real and personal property within a municipality means the ~~"actual market value"~~ assessor's estimated market value of all real and personal 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 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 com-

parable 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 equalized market value of property within each municipality using the aggregate sales ratios from the department of revenue's sales ratio study.

Sec. 39. Minnesota Statutes 1990, section 473F.02, subdivision 13, is amended to read:

Subd. 13. "Valuation" means the market value of real and personal property within a municipality as defined in subdivision 12.

Sec. 40. Minnesota Statutes 1990, section 473F.05, is amended to read:

473F.05 [~~GROSS~~ NET TAX CAPACITY ~~YEARS~~.]

On or before August 5 of each year, the assessors within each county in the area shall determine and certify to the county auditor the ~~gross~~ net tax capacity in that year of commercial-industrial property subject to taxation within each municipality in the county, determined without regard to section 469.177, subdivision 3.

Sec. 41. Minnesota Statutes 1990, section 473F.06, is amended to read:

473F.06 [INCREASE IN ~~GROSS~~ NET TAX CAPACITY.]

On or before July 15 of each year, the auditor of each county in the area shall determine the amount, if any, by which the ~~gross~~ net tax capacity determined in the preceding year ~~pursuant to~~ under section 473F.05, of commercial-industrial property subject to taxation within each municipality in the auditor's county exceeds the ~~gross~~ net tax capacity in 1971 of commercial-industrial property subject to taxation within that municipality. If a municipality is located in two or more counties within the area, the auditors of those counties shall certify the data required by section 473F.05 to the county auditor who is responsible under other provisions of law for allocating the levies of that municipality between or among the affected counties. That county auditor shall determine the amount of the net excess, if any, for the municipality under this section, and certify that amount under section 473F.07. Notwithstanding any other provision of sections 473F.01 to 473F.13 to the contrary, in the case of a municipality which is designated on July 24, 1971, as a redevelopment area ~~pursuant to~~ under section 401(a)(4) of the Public Works and Economic Development Act of 1965, Public Law Number 89-136, the increase in its ~~gross~~ net tax capacity of commercial-industrial property for purposes of this section shall be determined in each year ~~subsequent to the termination of such designation~~ by using as a base the ~~gross~~ net tax capacity of commercial-industrial property in that

municipality in the 1989 assessment year ~~following that in which such designation is terminated~~, rather than the ~~gross~~ net tax capacity of such property in 1971. The increase in ~~gross~~ total net tax capacity determined by this section shall be reduced by the amount of any decreases in ~~the gross~~ net tax capacity of commercial-industrial property resulting from any court decisions, court related stipulation agreements, or abatements for a prior year, and only in the amount of such decreases made during the 12-month period ending on May 1 of the current assessment year, where such decreases, if originally reflected in the determination of a prior year's ~~gross~~ net tax capacity under section 473F.05, would have resulted in a smaller contribution from the municipality in that year. An adjustment for such decreases shall be made only if the municipality made a contribution in a prior year based on the higher ~~gross~~ net tax capacity of the commercial-industrial property.

Sec. 42. Minnesota Statutes 1990, section 473F.07, is amended to read:

473F.07 [COMPUTATION OF AREAWIDE TAX BASE.]

Subdivision 1. Each county auditor shall certify the determinations ~~pursuant to~~ under sections 473F.05 and 473F.06 to the administrative auditor on or before August 1 of each year.

The administrative auditor shall determine an amount equal to 40 percent of the sum of the amounts certified ~~pursuant to~~ under section 473F.06~~, and divide that sum by 2-1/2~~. The resulting amount shall be known as the "areawide ~~gross~~ net tax capacity for .....(year)."

Subd. 2. The commissioner of revenue shall certify to the administrative auditor, on or before August 10 of each year, the population of each municipality for the ~~second~~ preceding year, the proportion of that population which resides within the area, the average fiscal capacity of all municipalities in the area for the preceding year, and the fiscal capacity of each municipality in the area for the preceding year.

Subd. 3. The administrative auditor shall determine, for each municipality, the product of (a) its population, and (b) the proportion which the average fiscal capacity of municipalities for the preceding year bears to the fiscal capacity of that municipality for the preceding year~~, and (c) two~~. The product shall be the areawide tax base distribution index for that municipality~~, provided that (a) if the product in the case of any municipality is less than its population, its index shall be increased to its population, and (b)~~. If a municipality is located partly within and partly without the area its index shall be that which is otherwise determined hereunder, multiplied by the proportion which its population residing within the area bears to its total population as of the preceding year.

Subd. 4. The administrative auditor shall determine the proportion which the index of each municipality bears to the sum of the indices of all municipalities and shall then multiply this proportion in the case of each municipality, by the areawide net tax capacity, provided that if the distribution net tax capacity for a municipality is less than 95 percent of the municipality's previous year distribution net tax capacity, and the municipality's fiscal capacity is less than twice the average fiscal capacity for the area, the municipality's distribution net tax capacity will be increased to 95 percent of the previous year net tax capacity and the distribution net tax capacity of other municipalities in the area will be proportionately reduced.

Subd. 5. The ~~product~~ result of the ~~multiplication~~ procedure prescribed by subdivision 4 shall be known as the "areawide ~~gross~~ net tax capacity for .....(year) attributable to .....(municipality)." The administrative auditor shall certify such product to the auditor of the county in which the municipality is located on or before August 15.

Sec. 43. Minnesota Statutes 1990, section 473F.08, subdivision 2, is amended to read:

Subd. 2. The net tax capacity of a governmental unit is its net tax capacity, as determined in accordance with other provisions of law including section 469.177, subdivision 3, subject to the following adjustments:

(a) There shall be subtracted from its net tax capacity, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to 40 percent of the amount certified in that year ~~pursuant to section~~ under sections 473F.06 ~~in respect to that~~ and 473F.07 for the municipality as the total preceding year's net tax capacity of commercial-industrial property which is subject to the taxing jurisdiction of the governmental unit within the municipality, determined without regard to section 469.177, subdivision 3, bears to the total preceding year's net tax capacity of commercial-industrial property within the municipality, determined without regard to section 469.177, subdivision 3;

(b) There shall be added to its net tax capacity, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to the areawide net tax capacity for the year attributable to that municipality as the total preceding year's net tax capacity of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total preceding year's net tax capacity of residential property of the municipality.

Sec. 44. Minnesota Statutes 1990, section 473F.08, subdivision 5, is amended to read:

Subd. 5. On or before August 25 of each year, the county auditor shall certify to the administrative auditor that portion of the levy of each governmental unit determined ~~pursuant to~~ under subdivision 3, clause (a). The administrative auditor shall then determine the areawide tax rate sufficient to yield an amount equal to the sum of such levies from the areawide ~~gross~~ net tax capacity. On or before September 1 of each year, the administrative auditor shall certify the areawide tax rate to each of the county auditors.

Sec. 45. Minnesota Statutes 1990, section 473F.08, subdivision 6, is amended to read:

Subd. 6. The areawide tax rate determined in accordance with subdivision 5 shall apply ~~in the taxation of~~ to each ~~item of~~ commercial-industrial property subject to taxation within a municipality, including property located within any tax increment financing district, as defined in section 469.174, subdivision 9, to that portion of the net tax capacity of the item which bears the same proportion to its total net tax capacity as 40 percent of the amount determined ~~pursuant to section~~ under sections 473F.06 ~~in respect to the municipality in which the property~~ and 473F.07 is ~~taxable bears~~ to the amount determined ~~pursuant to~~ under section 473F.05. The tax rate determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the net tax capacity of the item.

Sec. 46. Minnesota Statutes 1990, section 473F.09, is amended to read:

473F.09 [ADJUSTMENTS IN DATES.]

If, by reason of the enactment of any other law, the date by which the commissioner of revenue is required to certify to the county auditors the records of proceedings affecting the ~~gross~~ net tax capacity of property is advanced to a date earlier than June 30, the dates specified in sections 473F.07 and 473F.10 may be modified in the years to which such other law applies in the manner and to the extent prescribed by the administrative auditor.

Sec. 47. Minnesota Statutes 1990, section 473F.13, subdivision 1, is amended to read:

Subdivision 1. If a ~~qualifying~~ municipality is dissolved, is consolidated with all or part of another municipality, annexes territory, has a portion of its territory detached from it, or is newly incorporated, the secretary of state shall immediately certify that fact to the commissioner of revenue. The secretary of state shall also certify to the commissioner of revenue the current population of the new,

enlarged, or successor municipality, if determined by the Minnesota municipal board incident to consolidation, annexation, or incorporation proceedings. The population so certified shall govern for purposes of sections 473F.01 to 473F.13 until the metropolitan council files its first population estimate as of a later date with the commissioner of revenue. If an annexation of unincorporated land occurs without proceedings before the Minnesota municipal board, the population of the annexing municipality as previously determined shall continue to govern for purposes of sections 473F.01 to 473F.13 until the metropolitan council files its first population estimate as of a later date with the commissioner of revenue.

Sec. 48. Laws 1990, chapter 604, article 3, section 46, subdivision 1, is amended to read:

Subdivision 1. [LIMITED VALUATION INCREASE.] (a) Notwithstanding Minnesota Statutes, section 273.11, or any other law to the contrary, the estimated market value of a manufactured home park, as defined in section 327.14, subdivision 3, and assessed under section 273.13, subdivision 25, for taxes levied in 1990, may not exceed 133-1/3 percent of its estimated market value for taxes levied in 1989 as limited by Laws 1989, First Special Session chapter 1, article 3, section 32, subdivision 1. The excess market value, including value added by the January 2, 1991, assessment, must be entered equally in the ~~next two succeeding~~ 1991 and 1992 assessment years.

(b) This subdivision does not apply to increases in value attributable to improvements made to the real estate since the January 2, 1989, assessment. It does not apply to property becoming subject to taxation since the January 2, 1989, assessment. The limitation in this subdivision applies to any increase in valuation imposed by the local boards of review under section 274.01, the county boards of equalization under section 274.13, and the state board of equalization and the commissioner of revenue under sections 270.11, 270.12, and 270.16.

Sec. 49. [BUFFALO-RED RIVER WATERSHED DISTRICT; PAYMENT OF HOMESTEAD AND AGRICULTURAL CREDIT AID; APPROPRIATING MONEY.]

$153,787 is appropriated from the general fund to the commissioner of revenue for distribution to the Buffalo-Red River watershed district as restoration of reduced homestead and agricultural credit aid for 1990.

Sec. 50. [RED LAKE WATERSHED DISTRICT; PAYMENT OF HOMESTEAD AND AGRICULTURAL CREDIT AID; APPROPRIATING MONEY.]

$185,777 is appropriated from the general fund to the commis-

sioner of revenue for distribution to the Red Lake watershed district as restoration of reduced homestead and agricultural credit aid for 1990.

Sec. 51. [LAKEFIELD; SCHOOL DISTRICT LEVY REFERENDUM.]

Independent school district No. 325, Lakefield, may conduct one levy referendum authorized by section 124A.03, subdivision 2, before November 1991. The referendum must be conducted by mail as provided in that section. Only one levy referendum may be conducted in 1991 by the district.

Sec. 52. [MANKATO; SCHOOL DISTRICT LEVY REFERENDUM.]

Independent school district No. 77, Mankato, may conduct one levy referendum authorized by section 124A.03, subdivision 2, before November 1991. The referendum must be conducted by mail as provided in that section. Only one such levy referendum may be conducted in 1991 by the district.

Sec. 53. [WAYZATA; SCHOOL DISTRICT LEVY REFERENDUM.]

Independent school district No. 284, Wayzata, may conduct one levy referendum authorized by section 124A.03, subdivision 2, before November 1991. The referendum must be conducted by mail as provided in that section. Only one levy referendum may be conducted in 1991 by the district.

Sec. 54. [REPEALER.]

Minnesota Statutes 1990, sections 473F.02, subdivisions 9, 11, 16, 17, 18, 19, and 20; 473F.12; and 473F.13, subdivisions 2 and 3, are repealed.

Sec. 55. [APPLICABILITY.]

Sections 35 to 47 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 56. [EFFECTIVE DATE.]

Sections 2, 3, and 26 to 28 are effective for referenda held after the day of final enactment.

Sections 4 to 7, 12 to 15, 17 to 25, 29 to 31, 35 to 47, and 54 are effective for taxes levied in 1991, payable in 1992, and thereafter.

Sections 8 to 11 are effective for taxes levied in 1992, payable in 1993, and thereafter.

Section 16 is effective for taxes levied in 1991 and thereafter, payable in 1992 and thereafter. The commissioner of revenue may extend the filing date of the declaration required under Minnesota Statutes, section 273.1315, for a reasonable time to allow persons to file for class 1b certification as allowed under section 11, subdivision 22, clause (b)(3)(G), for taxes payable in 1992, and the date the commissioner notifies assessors of qualifying parcels for taxes payable in 1992 may be extended accordingly.

Section 32 is effective for taxes deemed delinquent after December 31, 1991.

Sections 33, 34, 49, and 50 are effective the day following final enactment.

Section 48 is effective for the 1991 and 1992 assessment year.

Section 51 is effective the day after the governing body of independent school district No. 325, Lakefield, complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 52 is effective the day after the governing body of independent school district No. 77, Mankato, complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 53 is effective the day after the governing body of independent school district No. 284, Wayzata, complies with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 4

LEVY LIMITS

Section 1. Minnesota Statutes 1990, section 275.125, is amended by adding a subdivision to read:

Subd. 6j. [LEVY FOR CRIME RELATED COSTS.] Each school district may make an annual levy on all taxable property located within the school district for the purposes specified in this subdivision. The maximum amount which may be levied for all costs under this subdivision shall be equal to $1 multiplied by the population of the school district. For purposes of this subdivision, "population" of the school district means the same as contained in section 275.14. The proceeds of the levy must be used for reimbursing the cities and counties who contract with the school district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison services

in the district's middle and secondary schools, (2) to teach drug abuse resistance education curricula in the elementary schools, and (3) to pay the costs incurred for the salaries and benefits of peace officers and sheriffs whose primary responsibilities are to investigate controlled substance crimes under chapter 152. The school district must initially attempt to contract for these services with the police department of each city or the sheriff department of the county within the school district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this subdivision is not included in determining the school district's levy limitations and must be disregarded in computing any overall levy limitations under sections 275.50 to 275.56 of the participating cities or counties.

Sec. 2. Minnesota Statutes 1990, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1990 payable in 1991 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) for taxes levied in 1990, payable in 1991 and subsequent years, pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. The aggregate amounts levied under this clause for the costs of purchase or delivery of social services and income maintenance programs, other than those identified in section 273.1398, subdivision 1, paragraph ~~(i)~~ (k), are subject to a maximum increase over the amount levied for the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties. For purposes of this clause, "income maintenance programs" include income maintenance programs in section 273.1398, subdivision 1, paragraph ~~(i)~~ (k), to the extent the county provides benefits under those programs over the statutory mandated standards. Effective with taxes levied in 1990, the portion of this special levy for human service programs identified in Minnesota Statutes 1988, section 273.1398, subdivision 1, paragraph (i), is eliminated. For taxes levied in 1991, the maximum increase shall be calculated based on the sum of the amounts levied in 1990 under this clause and Minnesota Statutes 1990, section 275.50, subdivision 5, clause (aa);

(b) pay the costs of principal and interest on bonded indebtedness

except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c, or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

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

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

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

(f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year, provided that an appeal for the levy under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3j;

(g) pay amounts required to correct for an error of omission in the levy certified to the appropriate county auditor or auditors by the governing body of a city or town with statutory city powers in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year, provided that an appeal for the levy under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3j;

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

~~governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;~~

~~(i) to compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16;~~

~~(j)~~ pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5, provided that an appeal for the levy under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3j;

~~(k)~~ (i) pay the cost of hospital care under section 261.21;

~~(l)~~ (j) pay the unreimbursed costs incurred in the previous year to satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, provided that an appeal for the unreimbursed costs under this clause was approved by the commissioner of revenue under section 275.51, subdivision ~~3~~ 3j;

~~(m)~~ (k) pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes such as earthquake, fire, flood, wind storm, wave action, oil spill, water contamination, air contamination, or drought in accordance with standards formulated by the emergency services division of the state department of public safety, provided that an appeal for the expenses incurred under this clause were approved by the commissioner of revenue under section 275.51, subdivision ~~3~~ 3j;

~~(n)~~ (l) pay a portion of the losses in tax receipts to a city due to tax abatements or court actions in the year preceding the current levy year, provided that an appeal for the tax losses was approved by the commissioner of revenue under section 275.51, subdivision ~~3~~ 3j. This special levy is limited to the amount of the losses times the ratio of the nonspecial levies to total levies for taxes payable in the year the abatements were granted. County governments are not authorized to claim this special levy;

~~(o)~~ (m) pay the operating cost of regional library services authorized under section 134.34, subject to a maximum increase over the previous year of ~~the greater of (1) 103 percent multiplied by one plus~~ the percentage increase determined for the governmental subdivision under section 275.51, subdivision 3h, clause ~~(b), or (2) six~~

~~percent. If a governmental subdivision elected to include some or all of its levy for libraries within its adjusted levy limit base in the prior year, but elects to claim the levy as a special levy in the current levy year, the allowable increase is determined by applying the greater percentage determined under clause (1) or (2) to the total amount levied for libraries in the prior levy year. After levy year 1989, the increase must not be determined using a base amount other than the amount that could have been levied as a special levy in the prior year~~ (a). This limit may be redistributed according to the provisions of section 134.342. In no event shall the special levy be less than the minimum levy required under sections 134.33 and 134.34, subdivisions 1 and 2;

~~(p)~~ (n) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6. For taxes levied in 1991, this amount is limited to the amount levied under this clause in 1990;

~~(q) pay the county's share of the costs levied in 1989, 1990, and 1991 for the Minnesota cooperative soil survey under Minnesota Statutes 1988, section 40.07, subdivision 15;~~

~~(r) for taxes levied in 1989, payable in 1990 only, pay the cost incurred for the minimum share required by counties levying for the first time under section 134.34 as required under section 134.341. For taxes levied in 1990, and thereafter, counties levying under this provision must levy under clause (o), and their allowable increase must be determined with reference to the amount levied in 1989 under this paragraph;~~

~~(s) for taxes levied in 1989, payable in 1990 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990;~~

~~(t) for taxes levied in 1990 only by a county in the eighth judicial district, provide an amount equal to the amount of the levy, if any, that is required under Laws 1989, chapter 335, article 3, section 54, subdivision 8, as amended by Laws 1990, chapter 604, article 9, section 14;~~

~~(u) for taxes levied in 1989, payable in 1990 only, pay the costs not reimbursed by the state or federal government:~~

~~(i) for the costs of purchase or delivery of social services. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties.~~

~~(ii) for payments made to or on behalf of recipients of aid under any public assistance program authorized by law. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent and must be used only for the public assistance programs.~~

~~If the amount levied under this paragraph (u) in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991;~~

~~(v) pay an amount of up to 25 percent of the money sought for distribution and approved under section 115A.557, subdivision 3, paragraph (b), clause (3);~~

~~(w)~~ (o) pay the unreimbursed costs of per diem jail or correctional facilities services paid by the county in the previous 12-month period ending on July 1 of the current year provided that the county is operating under a department of corrections directive that limits the capacity of a county jail as authorized in section 641.01 or 641.262, or a correctional facility as defined in section 241.021, subdivision 1, paragraph (5);

~~(x) for taxes levied in 1990 and 1991, payable in 1991 and 1992 only, pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (5), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the department of corrections. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.51, shall be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;~~

~~(y) for taxes levied in 1990, payable in 1991 only, pay an amount equal to the unreimbursed county costs paid in 1989 and 1990 for the purpose of grasshopper control; and,~~ (p) for taxes levied in 1991 payable in 1992 only, pay an amount equal to the unreimbursed county costs paid in 1991 for the purpose of grasshopper control;

~~(z) for a county, provide an amount needed to fund comprehensive~~

~~local water implementation activities under sections 103B.3361 to 103B.3369 as provided in this clause.~~

~~A county may levy an amount not to exceed the water implementation local tax rate times the adjusted net tax capacity of the county for the preceding year. The water implementation local tax rate shall be set by August 1 each year by the commissioner of revenue for taxes payable in the following year. As used in this paragraph, the "adjusted net tax capacity of the county" means the net tax capacity of the county as equalized by the commissioner of revenue based upon the results of an assessment/sales ratio study. That rate shall be the rate, rounded up to the nearest one-thousandth of a percent, that, when applied to the adjusted net tax capacity for all counties, raises the amount specified in this clause. The water implementation local tax rate for taxes levied in 1990 shall be the rate that raises $1,500,000 and the rate for taxes levied in 1991 shall be the rate that raises $1,500,000. A county must levy a tax at the rate established under this clause to qualify for a grant from the board of water and soil resources under section 103B.3369, subdivision 5;~~

~~(aa) pay the unreimbursed county costs for court-ordered family-based services and court-ordered out-of-home placement for children to the extent that the county can demonstrate to the commissioner of revenue that the estimated amount included in the county's budget for the following levy year is for the purposes specified under this clause. For purposes of this special levy, costs for "family-based services" and "out-of-home placement" means costs resulting from court-ordered targeted family services designed to avoid out-of-home placement and from court-ordered out-of-home placement under the provisions of sections 260.172 and 260.191, which are unreimbursed by the state or federal government, insurance proceeds, or parental or child obligations. Any amount levied under this clause must only be used by the county for the purposes specified in this clause.~~

~~If the county uses this special levy and the county levied an amount in the previous levy year, for the purposes specified under this clause, under another special levy or under the levy limitation in section 275.51, the following adjustments must be made:~~

~~(i) The amount levied in the previous levy year for the purposes specified under this clause under the levy limitation in section 275.51 must be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the current year levy limitation.~~

~~(ii) The amount levied in the previous levy year, for the purposes specified under clause (a) or (u) must be deducted from the previous year's amount used to calculate the maximum amount allowable under clause (a) in the current levy year; and~~

~~(bb)~~ (q) pay the amounts allowed as special levies under ~~Laws 1989, First Special Session chapter 1, article 5, section 50, and~~ subdivisions 5a and 5b.~~;~~

(r) an amount equal to one-half of the estimated aid payments the county or city was not eligible to receive in the previous year from the homestead credit trust due to the failure of the county to impose the county option sales and use tax, as provided in section 297A.021;

(s) for taxes levied in 1991, payable in 1992 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids payable in 1992 to a county located in the third or sixth judicial district for public defense services in juvenile and misdemeanor cases under section 477A.012, subdivision 7; and

(t) for taxes levied in 1991, payable in 1992 only, provide an amount equal to 50 percent of the estimated amount of reduction in aids payable in 1992 to a county for the cost of jury fees under section 477A.012, subdivision 7.

Sec. 3. Minnesota Statutes 1990, section 275.50, subdivision 5a, is amended to read:

Subd. 5a. [SPECIAL LEVIES; LOCAL.] "Special levies" also includes those portions of ad valorem taxes levied by the following governmental subdivisions for the years and purposes given in the cited laws, provided that the amount levied in 1991 does not exceed the amount levied in 1990 under this subdivision:

(1) Goodhue county for the county historical society as provided in Laws 1990, chapter 604, article 3, section 50;

(2) the city of Windom for a municipal hospital as provided in Laws 1990, chapter 604, article 3, section 51;

(3) Koochiching county for ambulance service as provided in Laws 1990, chapter 604, article 3, section 52;

(4) Douglas county for solid waste management as provided in Laws 1990, chapter 604, article 3, section 53;

(5) the city of Bemidji and Beltrami county to pay bonds for an airport terminal as provided in Laws 1990, chapter 604, article 3, section 57;

(6) Ramsey county to pay bonds for a facility for the arts and sciences as provided in Laws 1990, chapter 604, article 3, section 58;

(7) the city of Rosemount for an armory as provided in Laws 1990, chapter 604, article 3, section 59;

(8) the cities of Maple Grove, Brooklyn Park, Brooklyn Center, and Coon Rapids for peace officer salaries and benefits as provided in Laws 1990, chapter 604, article 3, section 60; ~~and~~

(9) a city described in and for debt service as provided in Laws 1990, chapter 604, article 3, section 61; and

(10) Itasca county for economic development under Laws 1989, First Special Session chapter 1, article 5, section 50.

Sec. 4. Minnesota Statutes 1990, section 275.50, subdivision 5b, is amended to read:

Subd. 5b. [SPECIAL LEVIES; LOCAL; ~~1991~~ 1992 ONLY.] For taxes levied in ~~1990~~ 1991 only, payable in ~~1991~~ 1992 only, special levies also includes those portions of ad valorem taxes levied by the following governmental ~~subdivision~~ subdivisions for the purposes given in the cited laws:

~~(1) the city of Bayport for operating costs of a city library as provided in Laws 1990, chapter 604, article 3, section 49;~~

~~(2) Mille Lacs county for expenditures made from reserve funds as provided in Laws 1990, chapter 604, article 3, section 54;~~

~~(3) Becker county for expenditures made from reserve funds as provided in Laws 1990, chapter 604, article 3, section 55; and~~

~~(4) Goodhue county for a levy limit base reduction as provided in Laws 1990, chapter 604, article 3, section 56.~~

(1) Pope county for solid waste management as provided in section 14;

(2) Swift county for social services as provided in section 15;

(3) Mille Lacs county for social services as provided in section 16;

(4) Coon Creek watershed as provided in section 18;

(5) Kanaranzi-Little Rock watershed district as provided in section 19; and

(6) Greater River Regional Library as provided in section 21.

Sec. 5. Minnesota Statutes 1990, section 275.51, subdivision 3f, is amended to read:

Subd. 3f. [LEVY LIMIT BASE.] (a) ~~The property tax levy limit base for governmental subdivisions for taxes levied in 1988 shall be equal to the total actual levy for taxes payable in 1988 with additions and subtractions as specified in paragraphs (b) and (c).~~

~~(b) The amounts to be added to the actual 1988 levy are (1) the amount of local government aid the governmental subdivision was certified to receive in 1988 under sections 477A.011 to 477A.014, (2) its 1988 taconite aids under sections 298.28 and 298.282, and (3) its 1988 wetlands and native prairie reimbursements under Minnesota Statutes 1986, sections 273.115, subdivision 3, and 273.116, subdivision 3.~~

~~(c) The amounts to be subtracted from the actual 1988 levy are (1) any special levies claimed for taxes payable in 1988 pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 4, clauses (1), (2), (3), and (4); and (2) for a governmental subdivision participating in a regional library system receiving grants from the department of education under section 134.34, the amount levied for taxes payable in 1988 for the operating costs of a public library service.~~

~~(d)~~ For taxes levied in ~~1989~~ 1991 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year~~, provided that for taxes levied in 1989, the amount of the administrative reimbursement aid received in 1988 shall be added to the base~~.

~~(e) For taxes levied by a county in 1989, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to 90 percent of the cost of public defender services for felonies and gross misdemeanors and the costs of law clerks in the county that are assumed by the state during calendar year 1990, less 103 percent of one-half the amount of fees collected by the courts in the county during calendar year 1988. For taxes levied in 1990, the levy limit base determined under paragraph (d) shall first be increased by the product of (1) the amount deducted under this paragraph for taxes levied in 1989 and (2) the adjustments under subdivision 3h, paragraphs (a) and (b) for taxes levied in 1989, and then shall be reduced by an amount equal to the cost of public defender services for felonies and gross misdemeanors and the cost of law clerks in the county that are assumed by the state during calendar year 1991, less the amount of fees collected by the courts in the county during calendar year 1989, computed at the rate of $30 for civil and probate filings and $20 for marriage dissolutions.~~

~~(f) For taxes levied in 1989 by a county that is located in the eighth judicial district, the levy limit base determined under paragraphs (d) and (e) shall be further reduced by an amount equal to 90 percent of the cost of operation of the trial courts in the county during calendar year 1990 that are assumed by the state and for~~

~~which an appropriation is provided, less 103 percent of the sum of (1) the remaining one-half of the amount of fees and (2) 100 percent of the amount of fines collected by the courts in the county during calendar year 1988.~~

~~(g) By October 15, 1989, the board of public defense shall determine and certify to the commissioner of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (c) during the six-month period beginning July 1, 1990. By October 15, 1989, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during the three-month period beginning October 1, 1990, plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during calendar year 1990.~~

~~By July 15, 1990, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (c) during calendar year 1991. By July 15, 1990, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during calendar year 1991 plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during the first six months of 1991.~~

~~(h)~~ (b) For taxes levied in a county in 1991, the levy limit base shall be reduced by an amount equal to the cost in the county of court reporters, judicial officers, and district court referees and the expenses of law clerks and court reporters as authorized in sections 484.545, subdivision 3, and 486.05, subdivisions 1 and 1a, as certified by the supreme court pursuant to section 477A.012, subdivision 4.

~~(i) If a governmental subdivision received an adjustment to its levy limit base for taxes levied in 1988 under section 275.51, subdivision 3j, its levy limit base for taxes levied in 1989 must be reduced by the lesser of (1) the adjustment under section 275.51, subdivision 3j, or (2) the difference between its (i) levy limit for taxes levied in 1988 and its (ii) total actual levy for taxes levied in 1988 minus any special levies claimed for taxes levied in 1988 under section 275.50, subdivision 5.~~

(c) For taxes levied in 1991 in a county that is located in the third or sixth judicial districts, the levy limit base shall be reduced by an amount equal to the cost of public defense services in juvenile and misdemeanor cases in the county as certified by the board of public defense under section 477A.012, subdivision 7.

(d) For taxes levied in 1991, the county's levy limit base shall be reduced by an amount equal to the cost in the county of jury fees as

certified to by the supreme court under section 477A.012, subdivision 7.

(e) For taxes levied in 1991, the levy limit base shall be increased by the amounts levied in 1990 under Minnesota Statutes 1990, section 275.50, subdivision 5, clauses (h), (o), (q), (v), (x), and (z).

Sec. 6. Minnesota Statutes 1990, section 275.51, subdivision 3h, is amended to read:

Subd. 3h. [ADJUSTED LEVY LIMIT BASE.] For taxes levied in ~~1989~~ 1991 and thereafter, the adjusted levy limit base is equal to the levy limit base computed ~~pursuant to~~ under subdivision 3f, increased by:

(a) ~~three percent for taxes levied in 1989 and subsequent years~~ the percentage increase in the assessor's estimated market value due to new construction of all taxable real and personal property within the governmental subdivision for the current assessment year over the previous assessment year; and

(b) ~~a percentage equal to (1) one-half of the greater of the percentage increases in population or in number of households, if any, for cities and towns and (2) the lesser of the percentage increase in population or the number of households, if any, for counties, using figures derived pursuant to subdivision 6;~~

~~(c)~~ the amount of a permanent increase in the levy limit base approved at a general or special election held during the 12-month period ending four working days after December 20 of the levy year under section 275.58, *subdivisions* 1 and 2~~;~~.

~~(d) for levy year 1989, for a county which incurred costs since October 1978, for the litigation of federal land claims under United States Code, title 18, section 1162; United States Code, title 25, section 331; and United States Code, title 28, section 1360; an amount of up to the actual costs incurred by the county for this purpose. This adjustment shall not exceed $250,000;~~

~~(e) for levy year 1989, an amount of $1,724,000 for Ramsey county for implementing the local government pay equity act under sections 471.991 to 471.999. Furthermore, in levy years 1990 and 1991, an additional amount of $862,000 shall be added to Ramsey county's adjusted levy limit base under this clause for each of the two years; and~~

~~(f) for levy year 1989, an amount equal to the decrease in a county's 50 percent share of the powerline taxes extended between taxes payable years 1988 and 1989 under section 273.42, subdivi-~~

~~sion 1. The adjustment shall be determined by the department of revenue.~~

~~For taxes levied in 1989, the adjusted levy limit base is reduced by an amount equal to the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990.~~

~~For taxes levied in 1990, the adjusted levy limit base of a city is reduced by an amount equal to the percent of the city's revenue base used in determining aid reductions under section 477A.013, subdivision 7. For taxes levied in 1990, the adjusted levy limit base of a county is reduced by one-half of the amount equal to the percent of the county's revenue base used in determining aid reductions under section 477A.012, subdivision 5.~~

For taxes levied in 1991, the adjusted levy limit base is reduced by an amount equal to the amount of aid reduction in aids payable in 1992 under 273.1398, 477A.012, and 477A.013 due to Laws 1990, chapter 604, article 4, section 19.

For taxes levied in 1991, the adjusted levy limit base is reduced by an amount equal to the result of the following computation:

the amount of the governmental subdivision's levy in 1991 under section 275.50, subdivision 5, clauses (b), (c), (d), and (e), less the greater of

(1) the amount levied under the comparable special levy authority in 1990, or

(2) the amount levied under the special levy authority in 1991 for qualified bonds. Qualified bonds are bonds, certificates of indebtedness, or other debt issued or sold before May 20, 1991, approved by the voters in an election held before May 20, 1991, or bonds issued to construct correctional facilities in Washington and St. Louis counties.

The amount of this adjustment shall not be less than zero.

Sec. 7. Minnesota Statutes 1990, section 275.51, subdivision 3j, is amended to read:

Subd. 3j. [APPEALS.] ~~(a) A county may appeal to the commissioner of revenue for an adjustment in its levy limit base. If the county can provide evidence satisfactory to the commissioner that its levy for taxes payable in 1989 under Minnesota Statutes 1988, section 275.50, subdivision 5, paragraph (a), included a levy for the cost of administration of the programs listed in that paragraph, the commissioner may permit the county to increase its levy limit base~~

~~under this section by the amount determined by the commissioner to have been levied for that purpose, provided that the total adjustment shall not be in excess of three percent of the total expense for income maintenance programs within the county. The commissioner's decision is final.~~

~~(b)~~ A governmental subdivision subject to the limitations in this section may appeal to the commissioner of revenue for authorization to levy for the special levies as contained in section 275.50, subdivision 5, clauses ~~(l), (m), and (n)~~ (f), (g), (h), (j), (k), and (l). If the governmental subdivision can provide evidence satisfactory to the commissioner that it incurred costs for the specified purposes of those levies, the commissioner may allow the governmental subdivision to levy under section 275.50, subdivision 5, clause ~~(l), (m), or (n)~~ (f), (g), (h), (j), (k), or (l), by the amount determined by the commissioner. The commissioner's decision is final.

~~(c) A county may appeal to the commissioner of revenue for an adjustment to its levy limit base for taxes levied in 1989. If the county can provide evidence satisfactory to the commissioner that the percentage adjustments to the costs, fees, or fines described in subdivision 3f, paragraph (c) or (f), do not provide accurate adjustments for that county, the commissioner may permit the county to increase its levy limit base by the amount determined by the commissioner. The commissioner's decision is final.~~

~~(d) A county may appeal to the commissioner of revenue for an increase in its levy base for the 12 or 15 percent limit under section 275.50, subdivision 5, clause (u), item (i), for the portion of the amount of its payable 1989 special levy under Minnesota Statutes 1988, section 275.50, subdivision 5, clause (a), for the income maintenance programs that was actually used to finance social services and social services administration subject to the 18 percent limit under Minnesota Statutes 1988, section 275.50, subdivision 5, clause (a), for payable 1989. If the county can provide evidence satisfactory to the commissioner in support of this claim, the commissioner may permit the county to increase its levy base for the 12 or 15 percent limit under section 275.50, subdivision 5, clause (u), item (i), in the amount determined by the commissioner. The commissioner's decision is final.~~

~~(e) A county may appeal to the commissioner of revenue for an adjustment in its special levy for 1990 under section 275.50, subdivision 5, clause (u), item (ii), if the difference between the county share of costs not reimbursed by the state or federal government of payments made in 1989 to or on behalf of recipients of aid under any public assistance program authorized by law and the amount levied in 1988 to pay those costs is greater than 30 percent of the 1989 costs. The adjustment may not exceed the amount of the difference between the county share of these costs and the amount levied in 1988 to pay these costs.~~

Sec. 8. Minnesota Statutes 1990, section 275.54, subdivision 3, is amended to read:

Subd. 3. [ADJUSTMENTS AFTER ANNEXATION.] If the area included within the governmental subdivision is increased due to annexation in the 12 months prior to the most recent population estimate for the calendar year preceding the current levy year and the state demographer prepares a population estimate for the annexed area under section 116K.04, subdivision 4, paragraph (11), the governmental subdivision's adjusted levy limit base under section 275.51, subdivision 3h, must be adjusted in the following manner:

(a) A percentage will be calculated equal to the percentage increase in population in the governmental subdivision due to annexation determined by dividing the population of the annexed area by the population of the governmental subdivision excluding the annexed area, using population estimates for the calendar year preceding the current levy year.

(b) The governmental subdivision's adjusted levy limit base under section 275.51, subdivision 3h, after giving effect to ~~paragraphs~~ paragraph (a) ~~and (b)~~ of subdivision 3h, but before any other paragraphs in section 275.51, subdivision 3h, shall be increased by the percentage calculated in paragraph (a) of this subdivision.

For purposes of section 275.51, subdivision 3f, the term "adjusted levy limit base" includes the adjustment made under this subdivision for the preceding year.

Sec. 9. Minnesota Statutes 1990, 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

levy a tax at any annual rate not exceeding 0.04835 percent of market value 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 net tax capacity of taxable property in that municipality bears to the net tax capacity 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. For taxes levied in 1991, the amount levied for light rail transit purposes under this subdivision shall not exceed 75 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

Sec. 10. Minnesota Statutes 1990, section 473.3994, is amended by adding a subdivision to read:

Subd. 9. [LIGHT RAIL TRANSIT OPERATING COSTS.] (a) Before submitting an application for federal assistance for light rail transit facilities in the metropolitan area, a regional railroad authority must provide to the metropolitan council estimates of the amount of operating subsidy which will be required to operate light rail transit in the corridor to which the federal assistance would be applied. The information provided to the council must indicate the amount of operating subsidy estimated to be required in each of the first ten years of operation of the light rail transit facility.

(b) The council must review and evaluate the information provided under paragraph (a) with regard to the effect of operating the light rail transit facility on the currently available mechanisms for financing transit in the metropolitan area.

(c) The council must present its evaluation to the transportation and taxes committees of the house and senate, to the appropriations committee of the house and the finance committee of the senate, to the local government and metropolitan affairs committee of the house, and to the metropolitan affairs committee of the senate.

Sec. 11. Minnesota Statutes 1990, section 477A.012, is amended by adding a subdivision to read:

Subd. 7. [AID OFFSET FOR 1992 COURT AND PUBLIC DEFENDER COSTS.] (a) There shall be deducted from the payment to a county under this section an amount representing the cost to the state for assumption of the cost of jury fees and, in the case of a county located in the third or sixth judicial districts, of public

defense services in juvenile and misdemeanor cases. The amount of the deduction is computed as provided in this subdivision.

(b) By June 30, 1991, the supreme court shall determine and certify to the department of revenue for each county, except counties located in the eighth judicial district, the cost for each county of jury fees during the fiscal year beginning on July 1, 1992.

(c) By June 30, 1991, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county in the third or sixth judicial district of the cost of the state-financed public defense services in juvenile and misdemeanor cases in the third or sixth judicial district during the fiscal year beginning on July 1, 1992.

(d) One-half of the amount computed under paragraphs (b) and (c) for each county shall be deducted from each local government aid payment to the county under section 477A.015 in 1992 and each subsequent year. If the amount computed under paragraph (b) exceeds the amount payable to a county under subdivision 1, the excess shall be deducted from the aid payable to the county under section 273.1398, subdivision 2, and then, if necessary, from the disparity reduction aid under section 273.1398, subdivision 3.

Sec. 12. [BECKER COUNTY; LEVY LIMIT BASE ADJUSTMENT.]

For taxes payable in 1992, the levy limit base for Becker county computed under Minnesota Statutes, section 275.51, subdivision 3f, shall be increased by an amount of $900,000, which is equal to expenditures that Becker county made from reserve funds in calendar years 1987 and 1988, including federal revenue sharing funds.

Sec. 13. [BECKER COUNTY; DELAY OF EXCESS LEVY PENALTY FROM TAXES PAYABLE IN 1990.]

Notwithstanding Minnesota Statutes, section 275.51, subdivision 4, 275.55, subdivision 1, or any other law, the penalty imposed on Becker county for exceeding its levy limitation for taxes payable in 1990 is delayed until calendar year 1992. If the actual amount levied by Becker county for taxes payable in 1992 is less than its levy limitation for taxes payable in 1992 as adjusted by section 12, the commissioner of revenue shall decrease the 1990 excess levy subject to a penalty by the difference between the payable 1992 levy limitation and the payable 1992 actual levy, up to the full amount of the excess levy.

Sec. 14. [POPE COUNTY; SOLID WASTE MANAGEMENT LEVY.]

Subdivision 1. For taxes levied in 1990, payable in 1991, and thereafter, Pope county may levy the amount necessary to pay the principal and interest on department of energy and economic development loans made to the Pope-Douglas solid waste board on June 10, 1985, and June 15, 1986, for solid waste management purposes. The levy must be made as provided under Minnesota Statutes, section 400.11.

The levy authority under this section is a special levy and is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.

The levy authority under this section expires when the principal and interest has been paid.

Subd. 2. Pursuant to Minnesota Statutes, section 645.023, subdivision 1 is effective without local approval for taxes levied in 1990 and thereafter.

Sec. 15. [INCREASE IN SOCIAL SERVICES SPECIAL LEVY FOR SWIFT COUNTY.]

Subdivision 1. The amount levied by Swift county for taxes levied in 1991 under Minnesota Statutes 1990, section 275.50, subdivision 5, clause (a), is limited to 115 percent of the sum of (1) the amount levied under that clause in the previous year, plus (2) the amount levied under Minnesota Statutes 1990, section 275.50, subdivision 5, clause (aa), in the previous year, plus (3) $250,000.

Subd. 2. Subdivision 1 is effective the day following approval by the Swift county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 16. [INCREASE IN SOCIAL SERVICES SPECIAL LEVY FOR MILLE LACS COUNTY.]

Subdivision 1. The amount levied by Mille Lacs county for taxes levied in 1991 under Minnesota Statutes 1990, section 275.50, subdivision 5, clause (a), is limited to 115 percent of the sum of (1) the amount levied under this clause in the previous year, plus (2) the amount levied under Minnesota Statutes 1990, section 275.50, subdivision 5, clause (aa), in the previous year, plus (3) the amount levied by Mille Lacs county for social services in 1990, payable in 1991, under Laws 1990, chapter 604, article 3, section 54.

Subd. 2. Subdivision 1 is effective the day following approval by the Mille Lacs county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 17. [GOODHUE COUNTY; EXCESS LEVY PENALTY ABATEMENT.]

Subdivision 1. The excess levy amount of $500,000, which Goodhue county levied in 1990, for taxes payable in 1991, shall be exempt from the penalties imposed under sections 275.51, subdivision 4, and 275.55.

Subd. 2. Subdivision 1 is effective the day after approval by the Goodhue county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 18. [COON CREEK WATERSHED DISTRICT; WATER MAINTENANCE AND REPAIR FUND.]

Subdivision 1. [CREATION OF FUNDS; TAX LEVY.] The Coon Creek watershed district may, in addition to its other powers, establish a water maintenance and repair fund. The fund must be kept distinct from all other funds of the district. The fund must be maintained by an annual ad valorem tax levy on the net tax capacity of all taxable property within the Coon Creek watershed district sufficient to raise not more than $30,000 in taxes payable in 1992, and not more than $30,000 in each year thereafter. The board of managers of the district shall adopt each year, by resolution, the amount to be raised by the levy for the fund for the ensuing year. This amount must be levied, collected, and distributed to the district in accordance with Minnesota Statutes, section 103D.915, in addition to any other money levied, collected, and distributed to the district.

Subd. 2. [PURPOSE OF FUND.] The water maintenance and repair fund may be used for maintenance, repair, restoration, upkeep, and rehabilitation of public ditches, drains, dams, sewers, rivers, streams, watercourses, and water bodies, natural or artificial, lying wholly or partly within the district.

Subd. 3. [WORKS; MUNICIPALITIES.] Works to be undertaken and paid for from the water maintenance and repair fund must be ordered by the board of managers of the district. Before the commencement of works is ordered, affected municipalities must be notified in writing by the district of the proposed works and estimated costs. Within 30 days following receipt of the written notice, an affected municipality may notify the district in writing that it will perform the works ordered by the district. If the municipality undertakes the works, it must be paid by the district from the water maintenance and repair fund. If the municipality fails to perform the works, the district may have the works performed in any other manner authorized by law.

Sec. 19. [TAX LEVY; KANARANZI-LITTLE ROCK WATERSHED DISTRICT.]

Notwithstanding any law to the contrary, in addition to the levy authorized in Minnesota Statutes, section 103D.905, subdivision 3, and Laws 1989, chapter 275, the Kanaranzi-Little Rock watershed district administrative fund under Minnesota Statutes, section 103D.905 consists of an additional levy for the costs of administration of the PL-566 Upland Conservation Program. The levy must be a percentage on the net tax capacity of all taxable property within the Kanaranzi-Little Rock watershed district sufficient to raise not more than $30,000 for taxes payable in 1992, and not more than $30,000 in each year thereafter. The board of managers of the district shall adopt each year, by resolution, the amount to be raised by the levy for the fund for the ensuing year. This amount must be levied, collected, and distributed to the district in accordance with Minnesota Statutes, section 103D.915, in addition to any other money levied, collected, and distributed to the district.

Sec. 20. [FEDERAL FUNDING; LIGHT RAIL TRANSIT.]

(a) By January 1, 1993, the regional transit board and the commissioner of transportation shall, in consultation with the regional rail authority, prepare a joint application for federal assistance for light rail transit facilities in the metropolitan area. The application must be reviewed and approved by the metropolitan council before it is submitted by the board and the commissioner. The board and the commissioner must consult with the council in preparing the application. The application may provide for metropolitan regional railroad authorities to design or construct light rail transit facilities under contract with the commissioner.

(b) Until the application described in paragraph (a) of this section is submitted, no political subdivision in the metropolitan area may on its own seek federal assistance for light rail transit planning or construction.

Sec. 21. [GREATER RIVER REGIONAL LIBRARY SPECIAL LEVY.]

The amount levied in 1991, payable in 1992, by member local governments of the Greater River Regional Library under section 275.50, subdivision 5, clause (m), may be increased by an additional 2 percent over the amount authorized in that clause if the city library board of the city of Paynesville and the city of Staples vote by August 1, 1991, to join that regional library system.

Sec. 22. [AUTHORITY TO TRANSFER LIGHT RAIL MONEY.]

Notwithstanding any law to the contrary, a metropolitan county regional railroad authority may transfer any available money of the authority, including money in capital accounts, to its county to be expended to meet social service costs during 1991. The authority

under this section to transfer a regional railroad authority's levy applies only during calendar year 1991.

Sec. 23. [SPECIAL TAXING DISTRICTS 1992 LEVY LIMITS.]

Notwithstanding any other general or special law or any charter provision, for taxes levied in 1991, payable in 1992 only, the amount levied by a special taxing district is limited to the sum of (1) the amount levied by the special taxing district in 1990, and (2) the increase, if any, in the amount levied by the special taxing district in 1991 for bonds issued or sold before May 20, 1991, and the amount levied for bonds in 1990. For purposes of this section, "special taxing district" shall be defined by the commissioner of revenue.

Sec. 24. [APPLICATION.]

Sections 10, 20, and 22 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 25. [EFFECTIVE DATE.]

Sections 1 to 9 are effective for taxes levied in 1991, payable in 1992, and thereafter. Section 11 is effective for aids payable in 1992 and subsequent years. Sections 12 and 13 are effective the day after local approval by the Becker county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 5

INCOME TAX AND FEDERAL UPDATE

Section 1. [268.55] [FOODSHELF ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] A foodshelf account is established in the state general fund to receive contributions designated on income tax returns and property tax refund forms. The state treasurer shall credit all interest earned on the money to the account.

Subd. 2. [DISTRIBUTION OF MONEY.] The board established under subdivision 6 shall periodically distribute money in the account to qualifying foodshelf programs. A foodshelf program qualifies under this section if it is a nonprofit corporation as defined under section 501(c)(3) of the Internal Revenue Code of 1986, and distributes a standard food order without charge to needy individuals. The standard food order must consist of, at least, a two-day supply or six pounds per person of nutritionally balanced food items. A qualifying foodshelf program may not limit food distributions to individuals of a particular religious affiliation, race, or other criteria unrelated to need or to requirements necessary to administra-

tion of a fair and orderly distribution system. A qualifying foodshelf program may not use the money received or the food distribution program to foster or advance religious or political views. A qualifying foodshelf must have a stable address and directly serve individuals in a defined geographic area that is not also served in substantial part by another foodshelf. The board shall resolve questions of whether two foodshelves are serving in substantial part the same area.

Subd. 3. [APPLICATION.] In order to receive money from the foodshelf account, a program must apply to the board. The application must be in a form prescribed by the board and must contain information specified by the board to verify that the applicant is a qualifying foodshelf program and the amount the applicant is entitled to receive under subdivision 4. Applications must be filed at the times and for the periods determined by the board.

Subd. 4. [DISTRIBUTION FORMULA.] The board shall distribute the foodshelf account money to qualifying foodshelf programs either (1) in proportion to the number of individuals served by the program during the prior period of its operation or (2) in proportion to the share of contributions to the foodshelf account from taxpayers who reside in the geographic service area of the foodshelf. The board shall gather data from applications or other appropriate sources to determine the proportionate amount each qualifying program is entitled to receive. The board may increase or decrease the qualifying program's proportionate amount if it determines the increase or decrease is necessary or appropriate to meet changing needs or demands.

Subd. 5. [USE OF MONEY.] Money distributed to foodshelf programs under this section must be used to provide client services to needy individuals and families. Qualified expenditures include purchases of food or personal care items, expenditures for vouchers for those items, and expenditures for transportation of food. No more than five percent of the money expended may be used to pay for other expenses, such as rent, salaries, and other administrative expenses. Recipients must retain records documenting expenditure of the money for a three-year period and comply with any additional requirements imposed by the board.

Subd. 6. [CREATION AND OPERATION OF BOARD.] There is created a foodshelf account distribution board consisting of 11 members to be appointed by the governor. At least eight of the members must be employed by or provide volunteer services to a foodshelf. At least one member shall be appointed from each congressional district, and the remaining members shall be appointed at large. The governor shall designate the chair. A vice-chair and secretary shall be elected by the board members. The membership terms, compensation, removal of members, and filling of vacancies on the board shall be as provided in section 15.0575.

The board shall distribute money in the foodshelf account as provided in this section.

Subd. 7. [ENFORCEMENT.] The board may undertake any reasonable actions, including but not limited to on-site inspections and auditing of accounts and records, to assure that recipients of money under this section comply with the requirements of the law. The board may contract with an outside organization to audit or otherwise oversee recipients' use of the money. If ineligible expenditures are made by a recipient, the amount must be repaid to the board and deposited in the foodshelf account.

Subd. 8. [APPROPRIATION.] (a) The money deposited in the foodshelf account is appropriated to the chair of the foodshelf account distribution board for distribution to foodshelf programs under this section and for administration of the distribution.

(b) For each fiscal year, the board may estimate the amounts that will be received during the year by the foodshelf account and may distribute the estimated receipts evenly over the fiscal year even though the contributions are not received until the second half of the year.

Sec. 2. Minnesota Statutes 1990, section 270A.03, subdivision 7, is amended to read:

Subd. 7. "Refund" means an individual income tax refund or political contribution refund, pursuant to chapter 290, or a property tax credit or refund, pursuant to chapter 290A.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, shall be treated as refunds.

Sec. 3. Minnesota Statutes 1990, section 289A.12, is amended by adding a subdivision to read:

Subd. 14. [REGULATED INVESTMENT COMPANIES; REPORTING EXEMPT-INTEREST DIVIDENDS.] (a) A regulated investment company paying $10 or more in exempt-interest dividends to an individual who is a resident of Minnesota must make a return indicating the amount of the exempt-interest dividends, the name, address, and social security number of the recipient, and any other information that the commissioner specifies. A copy of the return must be provided to the shareholder and the commissioner no later than 30 days after the close of the taxable year. The copy of the return provided to the shareholder must include a clear statement, in the form prescribed by the commissioner, that the exempt-interest dividends must be included in the computation of Minnesota taxable income. The commissioner may require regulated investment companies with 500 or more Minnesota resident share-

holders to file returns on magnetic media in a format and form prescribed by the commissioner.

(b) This subdivision applies to regulated investment companies required to register under chapter 80A.

(c) For purposes of this subdivision, the following definitions apply.

(1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code of 1986, as amended through December 31, 1990, but does not include the portion of exempt-interest dividends that are not required to be added to federal taxable income under section 290.01, subdivision 19a, clause (1)(ii).

(2) "Regulated investment company" means regulated investment company as defined in section 851(a) of the Internal Revenue Code of 1986, as amended through December 31, 1990, or a fund of the regulated investment company as defined in section 851(h) of the Internal Revenue Code of 1986, as amended through December 31, 1990.

Sec. 4. Minnesota Statutes 1990, section 289A.18, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING RETURNS, ENTERTAINER WITHHOLDING RETURNS, RETURNS FOR WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING RETURNS FROM PARTNERSHIPS AND ~~SMALL BUSINESS~~ S CORPORATIONS.] Withholding returns are due on or before the last day of the month following the close of the quarterly period. However, if the return shows timely deposits in full payment of the taxes due for that period, the return may be filed on or before the tenth day of the second calendar month following the period. An employer, in preparing a quarterly return, may take credit for monthly deposits previously made for that quarter. Entertainer withholding tax returns are due within 30 days after each performance. Returns for withholding from payments to out-of-state contractors are due within 30 days after the payment to the contractor. Returns for withholding by partnerships are due on or before the due date specified for filing partnership returns. Returns for withholding by ~~small business~~ S corporations are due on or before the due date specified for filing corporate franchise tax returns.

Sec. 5. Minnesota Statutes 1990, section 289A.19, subdivision 1, is amended to read:

Subdivision 1. [~~INDIVIDUAL INCOME,~~ FIDUCIARY INCOME, ENTERTAINMENT TAX, AND INFORMATION RETURNS.]

When, in the commissioner's judgment, good cause exists, the commissioner may extend the time for filing ~~individual and~~ fiduciary income tax returns, entertainment tax returns, and information returns for not more than six months. If an extension to file the federal ~~individual or~~ fiduciary income tax return or information return has been granted under section 6081 of the Internal Revenue Code of 1986, as amended through December 31, 1989, the time for filing the state return is extended for that period. The commissioner may require the taxpayer to file a tentative return when the regularly required return is due, and to pay a tax on the basis of the tentative return at the times required for the payment of taxes on the basis of the regularly required return from the taxpayer.

Sec. 6. Minnesota Statutes 1990, section 289A.20, is amended by adding a subdivision to read:

Subd. 5. [PAYMENT OF FRANCHISE TAX ON LIFO RECAPTURE.] If a corporation is subject to LIFO recapture under section 1363(d) of the Internal Revenue Code of 1986, as amended through December 31, 1990, any increase in the tax imposed by section 290.06, subdivision 1, by reason of the inclusion of the LIFO recapture amount in its income is payable in four equal installments.

The first installment must be paid on or before the due date, determined without regard to extensions, for filing the return for the first taxable year for which the corporation was subject to the LIFO recapture. The three succeeding installments must be paid on or before the due date, determined without regard to extensions, for filing the corporations's return for the three succeeding taxable years.

For purposes of computing interest on underpayments, the last three installments must not be considered underpayments until after the payment due date specified in this subdivision.

Sec. 7. Minnesota Statutes 1990, section 289A.25, subdivision 10, is amended to read:

Subd. 10. [SPECIAL RULE FOR FARMERS ~~AND~~, FISHERMEN, AND SEAFARERS.] For purposes of this section, if an individual is a farmer or fisherman as defined in section 6654(f)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1989, or a seafarer whose wages are subject to United States Code, title 46, section 11108, as amended through December 31, 1990, for a taxable year, only one installment is required for the taxable year, the due date of which is January 15 of the following taxable year, the amount of which is equal to the required annual payment determined under subdivision 5 by substituting "66-2/3 percent" for "90 percent," and subdivision 9 shall be applied by substituting "March 1" for "Janu-

ary 31," and by treating the required installment described as the fourth required installment.

Sec. 8. Minnesota Statutes 1990, section 289A.30, subdivision 1, is amended to read:

Subdivision 1. [~~INDIVIDUAL AND~~ FIDUCIARY INCOME, CORPORATE FRANCHISE TAX.] Where good cause exists, the commissioner may extend the time for payment of the amount determined as ~~an individual or~~ a fiduciary income tax or corporate franchise tax by the taxpayer, or an amount determined as a deficiency, for a period of not more than six months from the date prescribed for the payment of the tax.

Sec. 9. Minnesota Statutes 1990, section 289A.38, subdivision 9, is amended to read:

Subd. 9. [REPORT MADE OF CHANGE OR CORRECTION OF FEDERAL RETURN.] If a taxpayer is required to make a report under subdivision 7, and does report the change or files a copy of the amended return, the commissioner may recompute and reassess the tax due, including a refund (1) within one year after the report or amended return is filed with the commissioner, notwithstanding any period of limitations to the contrary, or (2) within any other applicable period stated in this section, whichever period is longer. The period provided for the carryback of any amount of loss or credit is also extended as provided in this subdivision, notwithstanding any law to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, the additional tax due or refund is limited to only those changes that are required to be made to the return which relate to the changes made on the federal return. This subdivision does not apply to sales and use tax.

For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is the physical presence of examiners in the taxpayer's or taxpayer's representative's office conducting an examination of the taxpayer with the intention of issuing an assessment or notice of change in tax or which results in the issuing of an assessment or notice of change in tax. The examination may include inspecting a taxpayer's place of business, tangible personal property, equipment, computer systems and facilities, pertinent books, records, papers, vouchers, computer printouts, accounts, and documents.

Sec. 10. Minnesota Statutes 1990, section 289A.38, subdivision 10, is amended to read:

Subd. 10. [INCORRECT DETERMINATION OF FEDERAL ADJUSTED GROSS INCOME.] Notwithstanding any other provision of this chapter, if a taxpayer whose ~~gross~~ net income is determined

under section 290.01, ~~subdivisions 20 and 20c~~ subdivision 19, omits from income an amount that will under the Internal Revenue Code of 1986, as amended through December 31, 1989, extend the statute of limitations for the assessment of federal income taxes, or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting in adjustments by the Internal Revenue Service, then the period of assessment and determination of tax will be that under the Internal Revenue Code of 1986, as amended through December 31, 1989. When a change is made to federal income during the extended time provided under this subdivision, the provisions under subdivisions 7 to 9 regarding additional extensions apply.

Sec. 11. Minnesota Statutes 1990, section 289A.42, subdivision 2, is amended to read:

Subd. 2. [FEDERAL EXTENSIONS.] When a taxpayer ~~who~~ consents to an extension of time for the assessment of federal income taxes ~~must notify the commissioner within 90 days of the execution of the consent.~~, the period in which the commissioner may recompute the tax is also extended, notwithstanding any period of limitations to the contrary, as follows:

(1) for the periods provided in section 289A.38, subdivisions 8 and 9;

(2) for six months following the expiration of the extended federal period of limitations when no change is made by the federal authority. If no change is made by the federal authority, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, and if the commissioner has completed a field audit of the taxpayer, no additional changes resulting in additional tax due or a refund may be made. For purposes of this subdivision, "field audit" has the meaning given it in section 289A.38, subdivision 9.

Sec. 12. Minnesota Statutes 1990, section 289A.50, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RIGHT TO REFUND.] (a) Subject to the requirements of this section and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully due and who files a written claim for refund will be refunded or credited the overpayment of the tax determined by the commissioner to be erroneously paid.

(b) The claim must specify the name of the taxpayer, the date when and the period for which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer claims was erroneously paid, the grounds on which a refund is claimed, and other information relative to the payment and in the form required by the commissioner. An income tax, estate tax, or corporate franchise tax

return, or amended return claiming an overpayment constitutes a claim for refund.

(c) When, in the course of an examination, and within the time for requesting a refund, the commissioner determines that there has been an overpayment of tax, the commissioner shall refund or credit the overpayment to the taxpayer and no demand is necessary. If the overpayment exceeds $1, the amount of the overpayment must be refunded to the taxpayer. If the amount of the overpayment is less than $1, the commissioner is not required to refund. In these situations, the commissioner does not have to make written findings or serve notice by mail to the taxpayer.

(d) If the amount allowable as a credit for withholding ~~or~~, estimated taxes, or dependent care exceeds the tax against which the credit is allowable, the amount of the excess is considered an overpayment. The refund allowed by section 290.06, subdivision 23, is also considered an overpayment.

(e) If the entertainment tax withheld at the source exceeds by $1 or more the taxes, penalties, and interest reported in the return of the entertainment entity or imposed by section 290.9201, the excess must be refunded to the entertainment entity. If the excess is less than $1, the commissioner need not refund that amount.

(f) If the surety deposit required for a construction contract exceeds the liability of the out-of-state contractor, the commissioner shall refund the difference to the contractor.

(g) An action of the commissioner in refunding the amount of the overpayment does not constitute a determination of the correctness of the return of the taxpayer.

(h) There is appropriated from the general fund to the commissioner of revenue the amount necessary to pay refunds allowed under this section.

Sec. 13. Minnesota Statutes 1990, section 289A.60, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return other than an income tax return of an individual, within the time prescribed or an extension, a penalty is added to the tax. The penalty is three percent of the amount of tax not paid on or before the date prescribed for payment of the tax including any extensions 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 of 30 days, during which the failure continues, not exceeding 23 percent in the aggregate.

If a taxpayer fails to file a return, other than an income tax return of an individual, within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision must not be less than the lesser of: (1) $200; or (2) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (b) $50.

If a taxpayer fails to file an individual income tax return within six months after the date prescribed for filing of the return, a penalty of ten percent of the amount of tax not paid by the end of that six-month period is added to the tax.

Sec. 14. Minnesota Statutes 1990, section 289A.60, subdivision 12, is amended to read:

Subd. 12. [PENALTIES RELATING TO PROPERTY TAX REFUNDS.] (a) If the commissioner determines that a property tax refund claim is or was excessive and was filed with fraudulent intent, the claim must be disallowed in full. If the claim has been paid, the amount disallowed may be recovered by assessment and collection.

(b) If it is determined that a property tax refund claim is excessive and was negligently prepared, ten percent of the corrected claim must be disallowed. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(c) An owner or managing agent who knowingly fails to give a certificate of rent constituting property tax to a renter, as required by section 290A.19, paragraph (a), is liable to the commissioner for a penalty of $100 for each failure.

(d) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, 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. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

(e) ~~A claim filed after the original or extended due date will 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 if the delinquency is due to reasonable cause. In any event,~~ No claim is allowed if the initial claim is filed more than one year after the original due date for filing the claim.

Sec. 15. Minnesota Statutes 1990, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(h) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply; and

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, and the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law

Number 100-647, ~~and~~ the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, ~~and~~ the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, and the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

Sec. 16. Minnesota Statutes 1990, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute, and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except the portion of the exempt-interest dividends derived from interest income on obligations of the state of

Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(h) of the Internal Revenue Code, making the payment; 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 may 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. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income taxes is the last itemized deductions disallowed; and

(3) the capital gain amount of a lump sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law Number 99-514, applies.; and

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729.

Sec. 17. Minnesota Statutes 1990, section 290.01, subdivision 19d, is amended 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, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, 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 171(a)(2), 265 or 291 of the Internal Revenue Code 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 subdivision 19c, clause (11), 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;

(9) the amount included in federal taxable income attributable to the credits provided in Minnesota Statutes 1986, section 273.1314, subdivision 9, or Minnesota Statutes, section 469.171, subdivision 6;

(10) amounts included in federal taxable income that are due to refunds of 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 a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 19c, clause (1), in a prior taxable year;

(11) the following percentage of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation:

Taxable Year Beginning After.....	Percentage
December 31, 1988.....	50 percent
December 31, 1990.....	80 percent; ~~and~~

(12) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax; and

(13) the amount of handicap access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code of 1986.

Sec. 18. Minnesota Statutes 1990, 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 and surviving spouses as defined in section 2(a) of the Internal Revenue Code of 1986 as amended through December 31, 1989, must be computed by applying to their taxable net income the following schedule of rates:

~~if taxable income is:~~	~~the tax is:~~
~~not over $19,000~~	~~6 percent~~
~~over $19,000~~	~~$1,140 plus 8 percent of the excess over $19,000~~

~~plus an amount computed using the following schedule of rates:~~

~~if taxable income is:~~	~~the tax is:~~
~~over $75,500, but not over $165,000~~	~~0.5 percent of the excess over $75,500~~
~~over $165,000~~	~~$447.50~~

(1) On the first $19,910, 6 percent;

(2) All over $19,910, but not over $79,120, 8 percent;

(3) All over $79,120, but not over $100,000, 8.5 percent;

(4) All over $100,000, 9 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts. ~~In the case of married individuals filing separately, the additional 0.5 percent tax provided in this subdivision shall be applied to taxable income over $37,750, but not over $127,500.~~

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

~~if taxable income is:~~	~~the tax is:~~
~~not over $13,000~~	~~6 percent~~
~~over $13,000~~	~~$780 plus 8 percent of the excess over $13,000~~

~~plus an amount computed using the following schedule of rates:~~

~~if taxable income is:~~	~~the tax is:~~
~~over $42,700, but not over $93,000~~	~~0.5 percent of the excess over $42,700~~
~~over $93,000~~	~~$251.50~~

(1) On the first $13,620, 6 percent;

(2) On all over $13,620, but not over $44,750, 8 percent;

(3) On all over $44,750, but not over $56,560, 8.5 percent;

(4) On all over $56,560, 9 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, must be computed by applying to taxable net income the following schedule of rates:

~~if taxable income is: the tax is:~~
~~not over $16,000 6 percent~~
~~over $16,000 $960 plus 8 percent~~
~~of the excess over $16,000~~

~~plus an amount computed using the following schedule of rates:~~

~~if taxable income is: the tax is:~~
~~over $64,300, but not 0.5 percent of the~~
~~over $135,000 excess over $64,300~~
~~over $135,000 $353.50~~

(1) On the first $16,770, 6 percent;

(2) On all over $16,770, but not over $67,390, 8 percent;

(3) On all over $67,390, but not over $85,150, 8.5 percent;

(4) On all over $85,170, 9 percent.

(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.

(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 source federal

adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1989, less the deduction allowed by section 217 of the Internal Revenue Code of 1986, as amended through December 31, 1990, after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; 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, ~~1989~~ 1990, increased by the addition required for interest income from non-Minnesota state and municipal bonds under section 290.01, subdivision 19a, clause (1).

Sec. 19. Minnesota Statutes 1990, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] (a) For taxable years beginning after December 31, ~~1990~~ 1991, 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, ~~1987~~ 1990, and before January 1, ~~1991~~ 1992. 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 and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code of 1986, as amended through December 31, ~~1989~~ 1990, except that in section 1(f)(3)(B) the word ~~"1989"~~ "1990" shall be substituted for the word "1987." For 1991, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1989~~ 1990, to the 12 months ending on August 31, ~~1990~~ 1991, and in each subsequent year, from the 12 months ending on August 31, ~~1989~~ 1990, to the 12 months ending on August 31 of the year preceding the taxable 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.

Sec. 20. Minnesota Statutes 1990, section 290.06, subdivision 22, is amended to read:

Subd. 22. [CREDIT FOR TAXES PAID TO ANOTHER STATE.] (a) A taxpayer who is liable for taxes on or measured by net income to another state or province or territory of Canada, as provided in paragraphs (b) through (f), upon income allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state or province or territory of Canada if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who is a resident of this state pursuant to section 290.01, subdivision 7, clause (2), and who is subject to income tax as a resident in the state of the individual's domicile is not allowed this credit unless the state of domicile does not allow a similar credit.

(b) For an individual, estate, or trust, the credit is determined by multiplying the tax payable under this chapter by the ratio derived by dividing the income subject to tax in the other state or province or territory of Canada that is also subject to tax in Minnesota while a resident of Minnesota by the taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1989, modified by the addition required by section 290.01, subdivision 19a, clause (1), and the subtraction allowed by section 290.01, subdivision 19b, clause (1), to the extent the income is allocated or assigned to Minnesota under sections 290.081 and 290.17.

(c) If the taxpayer is an athletic team that apportions all of its income under section 290.17, subdivision 5, paragraph (c), the credit is determined by multiplying the tax payable under this chapter by the ratio derived from dividing the total net income subject to tax in the other state or province or territory of Canada by the taxpayer's Minnesota taxable income.

(d) The credit determined under paragraph (b) or (c) shall not exceed the amount of tax so paid to the other state or province or territory of Canada on the gross income earned within the other state or province or territory of Canada subject to tax under this chapter, nor shall the allowance of the credit reduce the taxes paid under this chapter to an amount less than what would be assessed if such income amount was excluded from taxable net income.

(e) In the case of the tax assessed on a lump sum distribution under section 290.032, the credit allowed under paragraph (a) is the tax assessed by the other state or province or territory of Canada on the lump sum distribution that is also subject to tax under section 290.032, and shall not exceed the tax assessed under section 290.032. To the extent the total lump sum distribution defined in section 290.032, subdivision 1, includes lump sum distributions received in prior years or is all or in part an annuity contract, the reduction to the tax on the lump sum distribution allowed under

section 290.032, subdivision 2, includes tax paid to another state that is properly apportioned to that distribution.

(f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax in such other state or province or territory of Canada on that same income after the Minnesota statute of limitations has expired, the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any statute of limitations to the contrary. The claim for the credit must be submitted within one year from the date the taxes were paid to the other state or province or territory of Canada. The taxpayer must submit sufficient proof to show entitlement to a credit.

(g) For the purposes of this subdivision, a resident 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, 1990, must be considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any net income tax paid by the S corporation to a state that does not measure the income of the shareholder of the S corporation by reference to the income of the S corporation. For the purposes of the preceding sentence, the term "net income tax" means any tax imposed on or measured by a corporation's net income.

Sec. 21. Minnesota Statutes 1990, section 290.06, subdivision 23, is amended to read:

Subd. 23. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] (a) A taxpayer may claim a ~~credit~~ refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to any political party. The maximum ~~credit~~ refund for an individual must not exceed $50 and, for a married couple filing jointly, must not exceed $100. A ~~credit for~~ refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official ~~credit~~ refund receipt form issued by the candidate or party. A claim must be filed with the commissioner not sooner than September 1 of the calendar year in which the contribution is made and no later than April 15 of the calendar year following the calendar year in which the contribution is made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution is made must include interest at the rate specified in section 270.76.

(b) No ~~credit~~ refund is allowed under this subdivision for a contribution to any candidate who has not signed an agreement to limit campaign expenditures as provided in section 10A.322, or 10A.43, and for whom voluntary spending limits are specified in section 10A.25 or 10A.43. This subdivision does not limit the campaign expenditure of a candidate who does not sign an agree-

ment but accepts a contribution for which the contributor improperly claims a ~~credit~~ refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a. A "major or minor party" includes the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts. "Candidate" means a candidate as defined in section 10A.01, subdivision 5, but does not include a candidate for judicial office. Beginning January 1, 1991, "candidate" also means a candidate for the United States Senate or United States House of Representatives from Minnesota. "Contribution" means a gift of money.

(d) ~~The commissioner shall include a copy of the credit form with the instructions for the long and short individual taxation forms.~~ The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a ~~credit~~ refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The amount necessary to pay claims for the ~~credit~~ refund provided in this section is appropriated from the general fund to the commissioner of revenue.

Sec. 22. Minnesota Statutes 1990, section 290.06, is amended by adding a subdivision to read:

Subd. 24. [MILITARY PAY CREDIT.] An individual is allowed a credit against the tax imposed under subdivision 2c equal to ten percent of the amount of the taxpayer's compensation for service in the armed forces of the United States or the United Nations. The maximum amount of this credit is the lesser of $100 or the taxpayer's liability for tax under subdivision 2c. Compensation does not include a pension, retired pay, or similar income.

Sec. 23. Minnesota Statutes 1990, section 290.06, is amended by adding a subdivision to read:

Subd. 25. [SEED CAPITAL FUND CREDIT.] (a) A taxpayer is allowed a credit against the tax imposed by subdivision 1 equal to ten percent of the amount of a qualified investment in the regional seed capital program, established and operated by the Greater

Minnesota Corporation, during the taxable year. The maximum amount of this credit is $1,000.

(b) The credit for the taxable year may not exceed the liability for tax. If the amount of the credit exceeds the liability for tax for the taxable year, the balance of the credit is a carryover credit to each of the next three taxable years. The entire amount of the credit is a credit carryover to the earliest of the taxable years to which it may be carried and then to each successive year to which the credit may be carried. In no case may the sum of credits allowed in a taxable year exceed the liability for tax.

(c) For purposes of this subdivision, the following terms have the meanings given.

(1) "Liability for tax" means the tax imposed under subdivision 1, reduced by the sum of nonrefundable credits allowed under this chapter.

(2) "Qualified investment" means the amount of an investment in the regional seed capital fund that receives a credit entitlement certificate from the Greater Minnesota Corporation under paragraph (d).

(d) The sum of the credits for investment in the fund under this subdivision may not exceed $200,000 in fiscal year 1992 and $100,000 in fiscal year 1993. In order to administer and enforce this limit, the corporation shall provide to investors in the fund, on a first-come first-served basis, credit entitlement certificates up to the annual limit.

Sec. 24. Minnesota Statutes 1990, section 290.067, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF CREDIT.] A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code subject to the limitations provided in subdivision 2 except that in determining whether the child qualified as a dependent, income received as an aid to families with dependent children grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer.

If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:

(1) the name, address, and taxpayer identification number of the person are included on the return claiming the credit; or

(2) if the person is an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name and address of the person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information required.

In the case of a nonresident, part-year resident, or a person ~~whose tax is computed under section 290.06, subdivision 2e, paragraph (f)~~ who has earned income not subject to tax under this chapter, the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

Sec. 25. Minnesota Statutes 1990, section 290.067, subdivision 2a, is amended to read:

Subd. 2a. [INCOME.] (a) For purposes of this section, "income" means the sum of the following:

(1) ~~the greater of~~ federal adjusted gross income as defined in section 62 of the Internal Revenue Code ~~or zero~~; and

(2) the sum of the following amounts to the extent not included in clause (1):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or ~~(1)~~ (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(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) cash public assistance and relief;

(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) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(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;

(x) ~~the ordinary income portion of~~ a lump sum distribution under section 402(e)(3) of the Internal Revenue Code; ~~and~~

(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; or deferred compensation plan under section 457 of the Internal Revenue Code; and

(xii) nontaxable scholarship or fellowship grants.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" means federal adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal adjusted gross income may not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(b) "Income" does not include:

(1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a), 102, and 121;

(2) amounts of any pension or annuity that were exclusively funded by the claimant or spouse if the 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 chapter 290A; and

(e) child support payments received under a temporary or final decree of dissolution or legal separation.

Sec. 26. [290.0671] [MINNESOTA WORKING FAMILY CREDIT.]

Subdivision 1. [CREDIT ALLOWED.] An individual is allowed a credit against the tax imposed by this chapter equal to 25 percent of the credit for which the individual is eligible under section 32 of the Internal Revenue Code, as amended through December 31, 1990.

For a nonresident, part-year resident, or person who has earned income not subject to tax under this chapter, the credit determined under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1990, must be allocated based on the percentage of the total earned income of the claimant and the claimant's spouse that is derived from Minnesota sources.

Subd. 2. [CREDIT NAME.] The credit allowed by this section shall be known as the "Minnesota working family credit."

Subd. 3. [REDUCTION BY ALTERNATIVE MINIMUM TAX LIABILITY.] The amount of the credit allowed must be reduced by the amount of the taxpayer's liability under section 290.091, determined before the credit allowed by this section is subtracted from regular tax liability.

Subd. 4. [CREDIT REFUNDABLE.] If the amount of credit which the claimant is eligible to receive under this section exceeds the claimant's tax liability under chapter 290, the commissioner shall refund the excess to the claimant.

Subd. 5. [CALCULATION ASSISTANCE.] Upon request of the individual and submission of the necessary information, in the form prescribed by the commissioner, the department of revenue shall calculate the credit on behalf of the individual.

Subd. 6. [APPROPRIATION.] An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Sec. 27. Minnesota Statutes 1990, section 290.0802, subdivision 1, is amended to read:

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

(a) "Adjusted gross income" means federal adjusted gross income as used in section 22(d) of the Internal Revenue Code for the taxable year, plus the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code, and less any

pension, annuity, or disability benefits ~~paid under the Railroad Retirement Act of 1974 that are~~ included in federal gross income but ~~are~~ not subject to state taxation other than the subtraction allowed under section 290.01, subdivision 19b, clause (4).

(b) "Disability income" means disability income as defined in section 22(c)(2)(B)(iii) of the Internal Revenue Code.

(c) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1989.

(d) "Nontaxable retirement and disability benefits" means the amount of pension, annuity, or disability benefits that would be included in the reduction under section 22(c)(3) of the Internal Revenue Code and pension, annuity, or disability benefits ~~paid under the Railroad Retirement Act of 1974 that are~~ included in federal gross income but ~~are~~ not subject to state taxation other than the subtraction allowed under section 290.01, subdivision 19b, clause (4).

(e) "Qualified individual" means a qualified individual as defined in section 22(b) of the Internal Revenue Code.

Sec. 28. Minnesota Statutes 1990, 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 ~~six~~ seven percent of alternative minimum taxable income after subtracting the exemption amount, over

(b) the regular tax for the taxable year.

Sec. 29. Minnesota Statutes 1990, 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 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 alternative minimum taxable income, but excluding the Minnesota charitable contribution deduction and non-Minnesota

charitable deductions to the extent they are included in federal alternative minimum taxable income under section 57(a)(6) of the Internal Revenue Code;

(3) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); less the sum of

(i) interest income as defined in section 290.01, subdivision 19b, clause (1);

(ii) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (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 net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1989.

(c) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(d) "Tentative minimum tax" equals six percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

(e) "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.

(f) "Net minimum tax" means the minimum tax imposed by this section.

(g) "Minnesota charitable contribution deduction" means a charitable contribution deduction under section 170 of the Internal Revenue Code to or for the use of an entity described in section 290.21, subdivision 3, clauses (a) to (e).

Sec. 30. Minnesota Statutes 1990, section 290.0922, is amended by adding a subdivision to read:

Subd. 4. [PARTNER'S PRO RATA SHARE.] For the purposes of this section, a partner's pro rata share of a partnership's property, payroll, and sales or receipts is not included in the property, payroll, and sales or receipts of the partner.

Sec. 31. Minnesota Statutes 1990, section 290.17, subdivision 1, is amended to read:

Subdivision 1. [SCOPE OF ALLOCATION RULES.] (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, 1989, 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") must 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 290.191, 290.20, 290.35, or 290.36. Deductions not definitely related to any item or class of gross income are assigned to the taxpayer's domicile.

(c) ~~The application of the allocation rules as they apply to income, gains, losses, deductions, or credits of (1) a partner's distributable share from a partnership under section 290.31, subdivision 4; (2) a shareholder's distributable share from an S corporation provided in section 1366 of the Internal Revenue Code of 1986, as amended through December 31, 1989; (3) a beneficiary's distributable share from an estate or trust as provided in section 290.23, subdivision 9; or (4) the shareholders of regulated investment companies, real estate investment trusts, and real estate mortgage investment conduits as provided in subchapter M of the Internal Revenue Code of 1988, as amended through December 31, 1989, shall be determined by the resident status of the partner, beneficiary, or shareholder at the end of the taxable year of the partnership, estate or trust, or corporation.~~ In the case of an individual who is a resident for only part of a taxable year, the individual's income, gains, losses, and deductions from the distributive share of a partnership, S corporation, trust, or estate are not subject to allocation outside this state to the extent of the distributive share multiplied by a ratio, the numerator of which is the number of days the individual was a resident of this state during the tax year of the partnership, S corporation, trust, or estate, and the denominator of which is the

number of days in the taxable year of the partnership, S corporation, trust, or estate.

Sec. 32. Minnesota Statutes 1990, section 290.17, subdivision 2, is amended to read:

Subd. 2. [INCOME NOT DERIVED FROM CONDUCT OF A TRADE OR BUSINESS.] The income of a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or business must 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 is assigned to this state if, and to the extent that, the labor or services are performed within it; all other income from such sources is treated as income from sources without this state.

Severance pay shall be considered income from labor or personal or professional services.

(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; 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.

(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, 1989, 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 this state that is not employed in the business of the recipient of the income or gains must be assigned to this state.

(c) Except upon the sale of a partnership interest or the sale of stock of an S corporation, income or gains from intangible personal property not employed in the business of the recipient of the income or gains must 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.

~~Gain on the sale of stock held in an S corporation is allocable to this state in an amount equal to the gain on the sale of the stock multiplied by the ratio that was used to compute the amount of S corporation income assignable to Minnesota in the tax year preceding the year of sale.~~

Gain on the sale of goodwill or income from a covenant not to compete that is connected with a business operating all or partially in Minnesota is allocated to this state to the extent that the income from the business in the year preceding the year of sale was assignable to Minnesota under subdivision 3.

(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, the Minnesota state lottery, and lawful gambling as defined in section 349.12, subdivision 24, conducted within the boundaries of the state of Minnesota 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.

Sec. 33. Minnesota Statutes 1990, section 290.431, is amended to read:

290.431 [~~NONGAME WILDLIFE~~ FOODSHELF CHECKOFF.]

Subdivision 1. [CHECKOFF AUTHORIZED.] Every individual who files an income tax return or property tax refund claim form may designate on their original return that $1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid into ~~an account to be established for the management of nongame wildlife~~ the foodshelf account. The commissioner of revenue shall, on the income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their tax or refund shall be paid into the ~~nongame wildlife management~~ foodshelf account.

Subd. 2. [DEPOSIT OF MONEY.] The sum of the amounts so designated to be paid shall be credited to the ~~nongame wildlife management account for use by the nongame program of the section of wildlife in the department of natural resources~~ foodshelf account.

Subd. 3. [INTEREST.] All interest earned on money accrued in the ~~nongame wildlife management~~ foodshelf account shall be credited to the account by the state treasurer. ~~The commissioner of natural resources shall submit a work program for each fiscal year and semiannual progress reports to the legislative commission on Minnesota resources in the form determined by the commission. None of the money provided in this section may be expended unless the commission has approved the work program.~~

Subd. 4. [STATE PLEDGE.] The state pledges and agrees with all contributors to the ~~nongame wildlife management~~ foodshelf account to use the funds contributed solely for ~~the management of nongame wildlife projects and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of nongame wildlife~~ foodshelf programs for needy people in Minnesota.

Subd. 5. [INFORMATION ON SOURCE.] The commissioner shall annually report to the foodshelf account distribution board the amount of the contributions to that account designated on the tax returns of residents of each county.

Sec. 34. Minnesota Statutes 1990, section 290.92, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (1) [WAGES.] For purposes of this section, the term "wages" means the same as that term is defined in section 3401(a) and (f) of the Internal Revenue Code of 1986, as

amended through December 31, ~~1988~~ 1990, except wages shall not include agricultural labor as defined in section 3121(g) of the Internal Revenue Code of 1986, as amended through December 31, 1990.

(2) [PAYROLL PERIOD.] For purposes of this section the term "payroll period" means a period for which a payment of wages is ordinarily made to the employee by the employee's employer, and the term "miscellaneous payroll period" means a payroll period other than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll period.

(3) [EMPLOYEE.] For purposes of this section the term "employee" means any resident individual performing services for an employer, either within or without, or both within and without the state of Minnesota, and every nonresident individual performing services within the state of Minnesota, the performance of which services constitute, establish, and determine the relationship between the parties as that of employer and employee. As used in the preceding sentence, the term "employee" includes an officer of a corporation, and an officer, employee, or elected official of the United States, a state, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing.

(4) [EMPLOYER.] For purposes of this section the term "employer" means any person, including individuals, fiduciaries, estates, trusts, partnerships, and corporations transacting business in or deriving any income from sources within the state of Minnesota for whom an individual performs or performed any service, of whatever nature, as the employee of such person, except that if the person for whom the individual performs or performed the services does not have legal control of the payment of the wages for such services, the term "employer," except for purposes of paragraph (1), means the person having legal control of the payment of such wages. As used in the preceding sentence, the term "employer" includes any corporation, individual, estate, trust, or organization which is exempt from taxation under section 290.05 and further includes, but is not limited to, officers of corporations who have legal control, either individually or jointly with another or others, of the payment of the wages.

(5) [NUMBER OF WITHHOLDING EXEMPTIONS CLAIMED.] For purposes of this section, the term "number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under subdivision 5, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero.

Sec. 35. Minnesota Statutes 1990, section 290.92, subdivision 4b, is amended to read:

Subd. 4b. [WITHHOLDING BY PARTNERSHIPS.] (a) A partnership shall deduct and withhold a tax as provided in paragraph (b) ~~when the partnership pays or credits amounts to any of its~~ for nonresident individual partners ~~on account of~~ based on their distributive shares of partnership income for a taxable year of the partnership.

(b) The amount of tax withheld is determined by multiplying the partner's distributive share allocable to Minnesota under section 290.17~~, paid or credited during the taxable year~~ by ~~the highest rate used to determine the income tax liability for an individual under section 290.06, subdivision 2c~~ nine percent, except that the amount of tax withheld may be determined ~~based on tables provided~~ by the commissioner if the partner submits a withholding exemption certificate under subdivision 5.

(c) The commissioner may reduce or abate the tax withheld under this subdivision if the partnership had reasonable cause to believe that no tax was due under this section.

(d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold tax for a nonresident partner if:

(1) the partner elects to have the tax due paid as part of the partnership's composite return under section 290.39, subdivision 5;

(2) the partner has Minnesota assignable federal adjusted gross income from the partnership of less than $1,000; or

(3) the partnership is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year; or

(4) the distributive shares of partnership income are attributable to:

(i) income required to be recognized because of discharge of indebtedness;

(ii) income recognized because of a sale, exchange, or other disposition of real estate, depreciable property, or property described in section 179 of the Internal Revenue Code of 1986, as amended through December 31, 1989; or

(iii) income recognized on the sale, exchange, or other disposition of any property that has been the subject of a basis reduction

pursuant to section 108, 734, 743, 754, or 1017 of the Internal Revenue Code of 1986, as amended through December 31, 1989,

to the extent that the income does not include cash received or receivable or, if there is cash received or receivable, to the extent that the cash is required to be used to pay indebtedness by the partnership or a secured debt on partnership property.

(e) For purposes of subdivision 6a, and sections 289A.09, subdivision 2, 289A.20, subdivision 2, paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an employer.

(f) To the extent that income is exempt from withholding under paragraph (d), clause (4), the commissioner has a lien in an amount up to the amount that would be required to be withheld with respect to the income of the partner attributable to the partnership interest, but for the application of paragraph (d), clause (4). The lien arises under section 270.69 from the date of assessment of the tax against the partner, and attaches to that partner's share of the profits and any other money due or to become due to that partner in respect of the partnership. Notice of the lien may be sent by mail to the partnership, without the necessity for recording the lien. The notice has the force and effect of a levy under section 270.70, and is enforceable against the partnership in the manner provided by that section. Upon payment in full of the liability subsequent to the notice of lien, the partnership must be notified that the lien has been satisfied.

Sec. 36. Minnesota Statutes 1990, section 290.92, subdivision 4c, is amended to read:

Subd. 4c. [WITHHOLDING BY ~~SMALL BUSINESS~~ S CORPORATIONS.] (a) A corporation having a valid election in effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b) ~~when it pays or credits amounts to any of its~~ for nonresident individual shareholders ~~as dividends or as~~ their share of the corporations's ~~undistributed taxable~~ income for the taxable year.

(b) The amount of tax withheld is determined by multiplying the amount of ~~dividends or undistributed~~ income allocable to Minnesota under section 290.17~~, paid or credited to a nonresident shareholder during the taxable year~~ by ~~the highest rate used to determine the income tax liability of an individual under section 290.06, subdivision 2e~~ nine percent, except that the amount of tax withheld may be determined ~~based on tables provided~~ by the commissioner if the shareholder *submits* a withholding exemption certificate under subdivision 5.

(c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold tax for a nonresident shareholder, if:

(1) the shareholder elects to have the tax due paid as part of the corporation's composite return under section 290.39, subdivision 5;

(2) the shareholder has Minnesota assignable federal adjusted gross income from the corporation of less than $1,000; or

(3) the corporation is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year.

(d) For purposes of subdivision 6a, and sections 289A.09, subdivision 2, 289A.20, subdivision 2, paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an employer.

Sec. 37. Minnesota Statutes 1990, section 290.92, subdivision 12, is amended to read:

Subd. 12. [WITHHELD AMOUNT, CREDIT AGAINST TAX.] (a) The amount deducted and withheld as tax under subdivision 2a~~, or 3, 4b, or 4c or section 290.923, subdivision 2,~~ during ~~any~~ a calendar year upon ~~the~~ wages~~, partnership income, or "S" corporation income 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.

(b) The amount deducted and withheld under subdivisions 4b and 4c and under section 290.923, subdivision 2, for partnership, S corporation, or royalty income must be allowed as a credit to the recipient of the income against the taxes imposed by this chapter for the tax year the income is subject to tax under this chapter.

Sec. 38. Minnesota Statutes 1990, section 290.92, subdivision 26, is amended to read:

Subd. 26. [EXTENSION OF WITHHOLDING TO CERTAIN PAYMENTS WHERE IDENTIFYING NUMBER NOT FURNISHED OR INACCURATE.] (a) If, in the case of any reportable payment, (1) the payee fails to furnish the payee's social security account number to the payor, or (2) the commissioner notifies the payor that the social security account number furnished by the payee is incorrect, then the payor shall deduct and withhold from the payment a tax equal to ~~ten~~ nine percent of the payment.

(b)(1) In the case of any failure described in clause (a)(1), clause (a) shall apply to any reportable payment made by the payor during the

period during which the social security account number has not been furnished.

(2) In any case where there is a notification described in clause (a)(2), clause (a) shall apply to any reportable payment made by the payor (i) after the close of the 30th day after the day on which the payor received the notification, and (ii) before the payee furnishes another social security account number.

(3)(i) Unless the payor elects not to have this subparagraph apply with respect to the payee, clause (a) shall also apply to any reportable payment made after the close of the period described in paragraph (1) or (2) (as the case may be) and before the 30th day after the close of the period.

(ii) If the payor elects the application of this subparagraph with respect to the payee, clause (a) shall also apply to any reportable payment made during the 30-day period described in paragraph (2).

(iii) The payor may elect a period shorter than the grace period set forth in subparagraph (i) or (ii) as the case may be.

(c) The provisions of section 3406 of the Internal Revenue Code of 1986, as amended through December 31, 1989, shall apply and shall govern when withholding shall be required and the definition of terms. The term "reportable payment" shall include only those payments for personal services. No tax shall be deducted or withheld under this subdivision with respect to any amount for which withholding is otherwise required under this section. For purposes of this section, payments which are subject to withholding under this subdivision shall be treated as if they were wages paid by an employer to an employee and amounts deducted and withheld under this subdivision shall be treated as if deducted and withheld under subdivision 2a.

(d) Whenever the commissioner notifies a payor under this subdivision that the social security account number furnished by any payee is incorrect, the commissioner shall at the same time furnish a copy of the notice to the payor, and the payor shall promptly furnish the copy to the payee. If the commissioner notifies a payor under this subdivision that the social security account number furnished by any payee is incorrect and the payee subsequently furnishes another social security account number to the payor, the payor shall promptly notify the commissioner of the other social security account number furnished.

Sec. 39. Minnesota Statutes 1990, section 290.92, subdivision 27, is amended to read:

Subd. 27. [PARI-MUTUEL WINNINGS.] Any holder of a class A,

B, or D license issued by the Minnesota racing commission shall deduct and withhold ~~ten~~ nine percent of the payment of winnings which are subject to withholding as Minnesota withholding tax. For purposes of this subdivision, the term "winnings which are subject to withholding" has the meaning given in section 3402(q)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1989. For purposes of the provisions of this section, a payment to any person of winnings which are subject to withholding must be treated as if the payment was a wage paid by an employer to an employee. Every individual who is to receive a payment of winnings which are subject to withholding shall furnish the license holder with a statement, made under the penalties of perjury, containing the name, address, and social security account number of the person receiving the payment and of each person entitled to any portion of such payment. The license holder is liable for the payment of the tax required to be withheld under this subdivision and subdivision 28 but is not liable to any person for the amount of the payment.

Sec. 40. Minnesota Statutes 1990, section 290.923, is amended by adding a subdivision to read:

Subd. 11. [EXEMPTION FROM DEDUCTION AND WITHHOLDING.] A person or entity whose shares or certificates of beneficial interest are traded on the New York Stock Exchange or publicly traded on any recognized stock exchange and which issues federal 1099 or K1 forms to its shareholders or certificate holders and provides the 1099 or K1 information to the department of revenue, is exempt from deduction and withholding under this section.

Sec. 41. Minnesota Statutes 1990, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or ~~(1)~~ (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(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) cash public assistance and relief;

(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) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(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;

(x) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code;

(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; or deferred compensation plan under section 457 of the Internal Revenue Code; and

(xii) nontaxable scholarship or fellowship grants.

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 or carryforward or a capital loss carryback or carryforward allowed for the year.

(2) "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a), 102, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under this chapter; or

(e) child support payments received under a temporary or final decree of dissolution *or* legal separation.

(3) The sum of the following amounts may be subtracted from income:

(a) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(b) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(c) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(e) for the claimant's fifth dependent, the exemption amount; and

(f) if the claimant or claimant's spouse was disabled or attained the age of 65 prior to June 1 of the year for which the taxes were levied or rent paid, the exemption amount.

For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the taxable year for which the income is reported.

Sec. 42. Minnesota Statutes 1990, section 290A.03, subdivision 7, is amended to read:

Subd. 7. [DEPENDENT.] "Dependent" means any person who is considered a dependent under sections 151 and 152 of the Internal Revenue Code of 1986, as amended through December 31, 1989. In the case of a son, stepson, daughter, or stepdaughter of the claimant, amounts received as an aid to families with dependent children grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of

the child's support from the claimant. ~~"Dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead.~~

Sec. 43. Minnesota Statutes 1990, section 290A.05, is amended to read:

290A.05 [COMBINED HOUSEHOLD INCOME.]

If a person occupies a homestead with another person or persons not related to the person as husband and wife, excluding dependents, roomers or boarders on contract, and has property tax payable with respect to the homestead, the household income of the claimant or claimants for the purpose of computing the refund allowed by section 290A.04 shall include the total income received by the other persons residing in the homestead. For purposes of this section, "dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead and does not have an ownership interest in the homestead. If a person occupies a homestead with another person or persons not related as husband and wife or as dependents, the property tax payable or rent constituting property tax shall be reduced as follows.

If the other person or persons are residing at the homestead under rental or lease agreement, the amount of property tax payable or rent constituting property tax shall be that portion not covered by the rental agreement.

Sec. 44. Minnesota Statutes 1990, section 290A.091, is amended to read:

290A.091 [CLAIMS OF TENANTS IN LEASEHOLD COOPERATIVES.]

The cooperative manager of a leasehold cooperative shall furnish a statement to each tenant by March 31 of the year in which the property tax is payable showing each unit's share of the gross property tax and each unit's share of any property tax credits. Each tenant may apply for a property tax refund under this chapter as a homeowner based on each tenant's share of property taxes. The tenant may not include any rent constituting property taxes paid on that unit. For the purposes of this section, a leasehold cooperative is formed on the day that leasehold cooperative status is granted by the appropriate county official.

Sec. 45. [FEDERAL CHANGES.]

The changes made by sections 11301, 11302, 11303, 11304, 11305, 11343, 11344, 11531, 11601, 11602, 11701, 11702, 11703, and 11704 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, which affect the definition of net income of insurance

companies as defined in Minnesota Statutes, section 290.35, the definition of alternative minimum taxable income as defined in Minnesota Statutes, sections 290.091, subdivision 2, and 290.0921, subdivision 3, grantor as defined in Minnesota Statutes, section 290.25, federal gross estate as defined in Minnesota Statutes, section 291.005, gross income as defined in Minnesota Statutes, section 290.01, subdivision 20, and the definition of wages as defined in Minnesota Statutes, section 290.92, subdivision 1, shall be effective at the same time they become effective for federal tax purposes.

The waiver of estimated tax penalties provided by section 11307 of the Revenue Reconciliation Act of 1990 shall also apply to Minnesota to the extent the underpayment was created or increased by the changes made by sections 11301, 11302, 11303, and 11305.

Sec. 46. [ESTIMATED TAXES; EXCEPTIONS.]

No addition to tax, penalties, or interest may be made under Minnesota Statutes, section 289A.25, for any period before September 15, 1991, with respect to an underpayment of estimated tax, to the extent that the underpayment was created or increased by the increase in tax rates under this article.

Sec. 47. [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, 1990" for the words "Internal Revenue Code of 1986, as amended through December 31, 1989" wherever the phrase occurs in chapters 289A, 290, 290A, and 291, except for section 290.01, subdivision 19.

Sec. 48. [REPEALER.]

Minnesota Statutes 1990, section 289A.19, subdivision 6, is repealed.

Sec. 49. [EFFECTIVE DATE.]

Sections 2, 3, 10, 12, 14, except paragraph (e), 35 to 39, and 41 are effective July 1, 1991. Sections 14, paragraph (e), and 48 are effective beginning for refunds based on property taxes payable in 1991 and for refunds based on rent constituting property taxes paid in 1990. Section 21 is effective for contributions made on or after the date of enactment. Sections 29 and 30 are effective for taxable years beginning after December 31, 1989. Sections 42 to 44 are effective for refunds based on rents paid in 1991 and property taxes payable in 1992 and applications for leasehold cooperative status filed with the county after December 31, 1990. Except where otherwise spe-

cifically provided, the rest of this article is effective for taxable years beginning after December 31, 1990.

ARTICLE 6

CORPORATIONS

Section 1. Minnesota Statutes 1990, section 289A.18, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES; PARTNERSHIP AND S CORPORATION RETURNS; INFORMATION RETURNS.] The returns required to be made under sections 289A.08 and 289A.12 must be filed at the following times:

(1) returns made on the basis of the calendar year must be filed on April 15 following the close of the calendar year, except that returns of corporations must be filed on March 15 following the close of the calendar year;

(2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth month following the close of the fiscal year, except that returns of corporations must be filed on the 15th day of the third month following the close of the fiscal year;

(3) returns for a fractional part of a year must be filed on the 15th 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 the returns of corporations must be filed on the 15th 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;

(4) in the case of a final return of a decedent for a fractional part of a year, the return must be filed on the 15th day of the fourth month following the close of the 12-month period that began with the first day of that fractional part of a year;

(5) in the case of the return of a cooperative association, returns must be filed on or before the 15th day of the ninth month following the close of the taxable year;

(6) 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; ~~and~~

(7) returns of entertainment entities must be filed on April 15 following the close of the calendar year; and

(8) returns required to be filed under section 289A.08, subdivision 4, must be filed on the 15th day of the fifth month following the close of the taxable year.

Sec. 2. Minnesota Statutes 1990, section 289A.26, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM LIABILITY.] A corporation subject to taxation under chapter 290 (excluding section 290.92) or an entity subject to taxation under section 290.05, subdivision 3, must make payment of estimated tax for the taxable year if its tax liability so computed can reasonably be expected to exceed $500, or in accordance with rules prescribed by the commissioner for an affiliated group of corporations electing to file one return as permitted under section 289A.08, subdivision 3.

Sec. 3. Minnesota Statutes 1990, section 289A.26, subdivision 6, is amended to read:

Subd. 6. [PERIOD OF UNDERPAYMENT.] The period of the underpayment runs from the date the installment was required to be paid to the earlier of the following dates:

(1) the 15th day of the third month following the close of the taxable year for corporations and the 15th day of the fifth month following the close of the taxable year for entities subject to tax under section 290.05, subdivision 3; or

(2) with respect to any part of the underpayment, the date on which that part is paid. For purposes of this clause, a payment of estimated tax shall be credited against unpaid required installments in the order in which those installments are required to be paid.

Sec. 4. Minnesota Statutes 1990, section 290.01, subdivision 19d, is amended 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~~ amount of salary expense not allowed 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, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, 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 171(a)(2), 265 or 291 of the Internal Revenue Code 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 subdivision 19c, clause (11), 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;

(9) the amount included in federal taxable income attributable to the credits provided in Minnesota Statutes 1986, section 273.1314, subdivision 9, or Minnesota Statutes, section 469.171, subdivision 6;

(10) amounts included in federal taxable income that are due to refunds of 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 a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 19c, clause (1), in a prior taxable year;

(11) the following percentage of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation:

Taxable Year Beginning After.....	Percentage
December 31, 1988.....	50 percent
December 31, 1990.....	80 percent; ~~and~~

(12) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax~~;~~, and

(13) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068.

Sec. 5. Minnesota Statutes 1990, section 290.014, subdivision 2, is amended to read:

Subd. 2. [NONRESIDENT INDIVIDUALS.] ~~Income of~~ Except as provided in section 290.015, a nonresident individual is subject to ~~tax under this chapter and a nonresident individual is subject to~~ the return filing requirements ~~under~~ and to tax as provided in this chapter to the extent that the income of the nonresident individual is:

(1) allocable to this state under section 290.17, 290.191, or 290.20;

(2) taxed to the individual under the Internal Revenue Code of 1986, as amended through December 31, 1989, (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, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, 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, 1989, (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, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, 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, 1989, (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, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, 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, 1989, (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, 1989, and income allocable to this state under section 290.17, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the corporation.

Sec. 6. Minnesota Statutes 1990, section 290.014, subdivision 3, is amended to read:

Subd. 3. [TRUSTS AND ESTATES.] Except as provided in section 290.015, a trust or estate, whether resident or nonresident, is subject to the return filing requirements ~~under~~ and to tax as provided in this chapter ~~and the income of a trust or estate 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, 290.191, or 290.20;

(2) taxed to the trust or estate under the Internal Revenue Code of 1986, as amended through December 31, 1989, (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, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, 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, 1989, (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, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, 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, 1989, (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, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, 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, 1989, (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, 1989, and income allocable to this state under section 290.17, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the trust or estate directly from the source from which realized by the corporation.

Sec. 7. Minnesota Statutes 1990, section 290.014, subdivision 4, is amended to read:

Subd. 4. [PARTNERSHIPS.] Except as provided in section 290.015, a partnership is ~~not subject to tax under this chapter but is~~ subject to the return filing requirements ~~under~~ and to tax as provided in this chapter ~~and its partners are subject to tax under this chapter on their shares of partnership income to the extent that~~ if the income of the partnership is:

(1) allocable to this state under section 290.17, 290.191, or 290.20;

(2) taxed to the partnership under the Internal Revenue Code of 1986, as amended through December 31, 1989, (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, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, 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, 1989, (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, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, 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, 1989, (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, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the second tier partnership directly from the source from which realized by the first tier partnership.

Sec. 8. Minnesota Statutes 1990, section 290.014, subdivision 5, is amended to read:

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, 1989, 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.~~ Except as provided in section 290.015, corporations are subject to the return filing requirements and to tax ~~under~~ as provided in 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, 290.191, 290.20, 290.35, or 290.36;

(2) taxed to the corporation under the Internal Revenue Code of 1986, as amended through December 31, 1989, (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, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, 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, 1989, (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, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, 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, 1989, (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, 290.191, 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, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the corporation directly from the source from which realized by the partnership.

Sec. 9. Minnesota Statutes 1990, 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);

(ii) section 528 (dealing with certain homeowners associations); ~~and~~

(iii) sections 511 to 515 (dealing with unrelated business income); and

(iv) section 521 (dealing with farmers' cooperatives); but

notwithstanding this subdivision, shall be considered an organization exempt from income tax for the purposes of any law which refers to organizations exempt from income taxes.

(b) The tax shall be imposed on the taxable income of political organizations or homeowner associations or the unrelated business taxable income, as defined in section 512 of the Internal Revenue

Code, of organizations defined in section 511 of the Internal Revenue Code, provided that the tax is not imposed on advertising revenues from a newspaper published by an organization described in section 501(c)(4) of the Internal Revenue Code. 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 section 290.21 shall not be allowed in computing Minnesota taxable net income.

Sec. 10. Minnesota Statutes 1990, section 290.06, subdivision 21, is amended to read:

Subd. 21. [ALTERNATIVE MINIMUM TAX; FACTORS TAX.] (a) A corporation is allowed a credit for alternative minimum tax previously paid for any taxable year in which the corporation has no tax liability under section 290.092, subdivision 1, and has an alternative minimum tax credit carryover from a previous year. The credit allowable in any taxable year equals the lesser of (1) the excess of the tax under subdivision 1 for the taxable year over the amount computed under section 290.092, subdivision 1, clause (1), for the taxable year, or (2) the alternative minimum tax credit carryover to the taxable year.

(b) The tax imposed under section 290.092, subdivision 1, for the taxable year is an alternative minimum tax credit carryover to each of the five taxable years succeeding the taxable year. The entire amount of the alternative minimum tax credit must be carried to the earliest taxable year to which the amount may be carried. The unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year more than five years after the taxable year in which the alternative minimum tax under section 290.092, subdivision 1, was incurred.

(c) For taxable years beginning after December 31, 1989, qualification for a credit and computation of the amount of the credit for alternative minimum tax under paragraph (a) must be determined by computing the alternative minimum tax that would apply if section 290.092 were in effect for the taxable year.

(d) An acquiring corporation may carry over this credit from a transferor or distributor corporation in a corporate acquisition. The provisions of section 381 of the Internal Revenue Code apply in determining the amount of the carryover, if any.

Sec. 11. Minnesota Statutes 1990, section 290.068, subdivision 1, is amended to read:

290.068 [CREDIT FOR INCREASING RESEARCH ~~AND EXPERIMENTAL EXPENDITURES~~ ACTIVITIES.]

Subdivision 1. [CREDIT ALLOWED.] A corporation, other than a corporation with a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, is allowed a credit against the portion of the franchise tax computed under section 290.06, subdivision 1, for the taxable year equal to:

(a) 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~~ amount; and

(b) 2.5 percent on all of such excess expenses over $2 million.

Sec. 12. Minnesota Statutes 1990, 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 and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it ~~shall~~ does not include expenses incurred for qualified research or basic research conducted outside the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; ~~or~~ and (ii) contributions to a nonprofit corporation established and operated pursuant to the provisions of chapter 317A 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 41(d) of the Internal Revenue Code, except that the term ~~shall~~ does not include qualified research conducted outside the state of Minnesota.

(c) "Base ~~period research expenses~~ amount" means base ~~period research expenses~~ amount as defined in section 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)~~ the average annual gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in clauses (a) and (b) shall apply.

(d) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1989.

Sec. 13. Minnesota Statutes 1990, 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~~ amount are adjusted in the same manner provided by section 41(f)(3) of the Internal Revenue Code~~, except that "December 31, 1980" shall be substituted for "June 30, 1980."~~

Sec. 14. Minnesota Statutes 1990, section 290.0921, subdivision 8, is amended to read:

Subd. 8. [CARRYOVER CREDIT.] (a) A corporation is allowed a credit against qualified regular tax for qualified alternative minimum tax previously paid. The credit is allowable only if the corporation has no tax liability under this section for the taxable year and if the corporation has an alternative minimum tax credit carryover from a previous year. The credit allowable in a taxable year equals the lesser of

(1) the excess of the qualified regular tax for the taxable year over the amount computed under subdivision 1, paragraph (a), clause (1), for the taxable year or

(2) the carryover credit to the taxable year.

(b) For purposes of this subdivision, the following terms have the meanings given.

(1) "Qualified alternative minimum tax" equals the amount determined under subdivision 1 for the taxable year. ~~In computing the amount of alternative minimum tax~~

~~(i) the adjustment under section 56(e)(3) of the Internal Revenue Code must not be made;~~

~~(ii) the full amount of the charitable contribution deduction under section 290.21, subdivision 3, must be deducted in computing Minnesota alternative minimum taxable income; and~~

~~(iii) in the case of a corporation subject to an occupation tax under section 298.01 the tax preference for depletion under section 57(a)(1) of the Internal Revenue Code must be deducted in computing Minnesota alternative minimum taxable income.~~

(2) "Qualified regular tax" means the tax imposed under section 290.06, subdivision 1.

(c) The qualified alternative minimum tax for a taxable year is an alternative minimum tax credit carryover to each of the taxable years succeeding the taxable year. The entire amount of the credit must be carried to the earliest taxable year to which the amount may be carried. Any unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year in which alternative minimum tax was paid.

(d) An acquiring corporation may carry over this credit from a transferor or distributor corporation in a corporate acquisition. The provisions of section 381 of the Internal Revenue Code apply in determining the amount of the carryover, if any.

Sec. 15. Minnesota Statutes 1990, section 290.0922, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] (a) In addition to the tax imposed by this chapter without regard to this section, the franchise tax imposed on a corporation required to file under section 290.37, other than a corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the taxable year includes a tax equal to the following amounts:

If the sum of the corporation's Minnesota property, payrolls, and sales or receipts is:	the tax equals:
less than $500,000	$0
$ 500,000 to $ ~~1,000,000~~ $ 999,999	$100
$ 1,000,000 to $ 4,999,999	$300
$ 5,000,000 to $ 9,999,999	$1,000
$10,000,000 to $19,999,999	$2,000
$20,000,000 or more	$5,000

(b) A tax is imposed annually beginning in 1990 on a corporation required to file a return under section 290.41, subdivision 1, that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, and on a partnership required to file a return under section 290.41, subdivision 1, other than a partnership that derives over 80 percent of its income from farming. The tax imposed under this paragraph is due on or before the due date of the return due under section 290.41, subdivision 1, for the calendar year following the calendar year in which the tax is imposed. The commissioner shall prescribe the return to be used for payment of this tax. The tax under this paragraph is equal to the following amounts:

If the sum of the S corporation's or partnership's Minnesota property, payrolls, and sales or receipts is:	*the tax equals:*
less than $500,000	$0
$ 500,000 to $ ~~1,000,000~~ $ 999,999	$100
$ 1,000,000 to $ 4,999,999	$300
$ 5,000,000 to $ 9,999,999	$1,000
$10,000,000 to $19,999,999	$2,000
$20,000,000 or more	$5,000

Sec. 16. Minnesota Statutes 1990, section 290.17, subdivision 5, is amended to read:

Subd. 5. [SPECIAL ~~RULES~~ RULE.] Notwithstanding subdivisions 3 and 4, all income from the operation of ~~the following types of businesses must be allocated as follows:~~

~~(a) All income from the operation of a farm is assigned to this state if the farm is located within this state and no such income is assigned to this state if the farm is located without this state.~~

~~(b)~~ ~~For~~ an athletic ~~teams~~ team 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.

Sec. 17. Minnesota Statutes 1990, section 290.191, subdivision 6, is amended to read:

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, including securities and money market instruments, when derived from transactions and activities in the regular course of the taxpayer's trade or business.

(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 and installment obligations that are unsecured by real or tangible personal property or secured by intangible 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 office of the borrower from which the application would be made in the regular course of business is located. If this cannot be determined, the transaction is disregarded in the apportionment formula.

(i) Interest income and other receipts from a participating financial institution's portion of participation and syndication loans must be attributed under paragraphs (e) to (h). A participation loan is an arrangement in which a lender makes a loan to a borrower and then sells, assigns, or otherwise transfers all or a part of the loan to a purchasing financial institution. A syndication loan is a ~~multibank~~ loan transaction involving multiple financial institutions in which all the lenders are named as parties to the loan documentation, are known to the borrower, and have privity of contract with the 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 are attributed to this state. It is 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. If the extent to which the benefits of services are consumed in this state is not readily determinable, the benefits of the services shall be deemed to be consumed at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the benefits of the services shall be deemed to be consumed at the office of the customer to which the services are billed.

(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.~~

~~(o) Receipts from a financial institution's interest in any property described in section 290.015, subdivision 3, paragraph (b), is not included in the numerator or the denominator of the receipts factor provided the financial institution's activities within this state with respect to any interest in the property are limited in the manner provided in section 290.015, subdivision 3, paragraph (b). If a financial institution is subject to tax under this chapter, its interest in property described in section 290.015, subdivision 3, paragraph (b), is included in the receipts factor in the same manner as assets in the nature of securities or money market instruments are included under paragraph (n) and subdivision 7.~~ 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 unregu-

lated financial institution subject to this section, these receipts are apportioned to this state based on the ratio that its gross business income, excluding such receipts, earned from sources within this state bears to gross business income, excluding such receipts, earned from sources within all states. For purposes of this subdivision, deposits made by this state, its residents, its political subdivisions, agencies, and instrumentalities must be attributed to this state, whether or not the deposits are accepted or maintained by the taxpayer at locations within this state.

(o) A financial institution's interest in property described in section 290.015, subdivision 3, paragraph (b), is included in the receipts factor in the same manner as assets in the nature of securities or money market instruments are included in paragraph (n).

Sec. 18. Minnesota Statutes 1990, section 290.191, subdivision 8, is amended to read:

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~~ financial institution, 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 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.

Sec. 19. Minnesota Statutes 1990, section 290.191, subdivision 11, is amended to read:

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 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 by real or tangible personal property or secured by intangible 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 assets must be attributed to the state in which there is located the office of the borrower from which the application would be made in the regular course of business. If this cannot be determined, the transaction is disregarded in the apportionment formula.

(i) A participating financial institution's portion of participation and syndication loans must 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.

(k) Receivables arising from merchant discount income derived from financial institution credit card holder transactions with a merchant are attributed to the state in which the merchant is located. In the case of merchants located within and without the state, only receivables from merchant discounts attributable to sales made from locations within the state are attributed to this state. It is 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) Assets in the nature of securities and money market instruments are apportioned to this state based upon the ratio that total deposits from this state, its residents, 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, the assets are apportioned to this state based upon 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 subsection, deposits made by this state, its residents, its political subdivisions, agencies, and instrumentalities are attributed to this state, whether or not the deposits are accepted or maintained by the taxpayer at locations within this state.

(m) A financial institution's interest in any property described in section 290.015, subdivision 3, paragraph (b), ~~is not included in the numerator or the denominator of the property factor provided the financial institution's activities within this state with respect to any interest in such property are limited in the manner provided in~~

~~section 290.015, subdivision 3, paragraph (b). If a financial institution is subject to tax under this chapter, its interest in property described in section 290.015, subdivision 3, paragraph (b),~~ is included in the property factor in the same manner as assets in the nature of securities or money market instruments are included under paragraph (1).

Sec. 20. Minnesota Statutes 1990, section 290.35, subdivision 3, is amended to read:

Subd. 3. [CREDIT.] An insurance company shall receive a credit against the tax computed under section 290.06, subdivision 1, 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. 21. Minnesota Statutes 1990, section 290.9727, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] For a corporation electing S corporation status pursuant to section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, after December 31, 1986, and having a recognized built-in gain as defined in section 1374 of the Internal Revenue Code of 1986, as amended through December 31, 1989, there is imposed a tax on the taxable income of such S corporation, as defined in this section, at the rate prescribed by section 290.06, subdivision 1. This ~~section~~ subdivision does not apply to any corporation having an S election in effect for each of its taxable years. An S corporation and any predecessor corporation must be treated as one corporation for purposes of the preceding sentence.

Sec. 22. Minnesota Statutes 1990, section 290.9727, is amended by adding a subdivision to read:

Subd. 1a. [ASSET TRANSFERS.] In the case of the transfer of assets from a C corporation to an S corporation as described in section 1374(d)(8) of the Internal Revenue Code of 1986, as amended through December 31, 1990, a tax is imposed on the taxable income of the S corporation, as defined in this section, at the rate prescribed in section 290.06, subdivision 1.

Sec. 23. Minnesota Statutes 1990, section 290.9727, subdivision 3, is amended to read:

Subd. 3. [TAXABLE NET INCOME.] For purposes of this section, taxable net income means the lesser of:

(1) the recognized built-in gains of the S corporation for the

taxable year, as determined under section 1374 of the Internal Revenue Code of 1986, as amended through December 31, 1989, subject to the modifications provided in section 290.01, ~~subdivisions 19e and~~ subdivision 19f, that are allocable to this state under section 290.17, 290.191, or 290.20; or

(2) the amount of the S corporation's federal taxable income, as determined under section 1374(d)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1989, subject to the provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under section 290.17, 290.191, or 290.20, less the deduction for charitable contributions in section 290.21, subdivision 3.

Sec. 24. Minnesota Statutes 1990, section 290.9727, is amended by adding a subdivision to read:

Subd. 5. [CREDIT CARRYFORWARD.] Any credit carryforward allowed under this chapter and arising in a taxable year in which the corporation was a C corporation is allowed as a credit against the tax imposed by this section.

Sec. 25. Laws 1990, chapter 604, article 2, section 22, is amended to read:

Sec. 22. [EFFECTIVE DATE.]

Section 1 is effective for premiums paid after December 31, 1989. The provisions of section 12 are effective for taxable years beginning after December 31, 1990 for insurance companies domiciled in a state or country other than Minnesota that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees. Section 14 is effective the day following final enactment. The remainder of this article is effective for taxable years beginning after December 31, 1989, except as otherwise provided.

Sec. 26. [REPEALER.]

Minnesota Statutes 1990, sections 290.068, subdivision 6; 290.069, subdivisions 2a, 4a, and 4b; 290.17, subdivision 7; and 290.191, subdivision 7, are repealed.

Sec. 27. [EFFECTIVE DATE.]

Sections 9, 15 to 19, 21 to 24, and 26 are effective for taxable years beginning after December 31, 1990. Sections 10 and 14 are effective the day following final enactment. Sections 1, 2, 3, and 20 are effective for taxable years beginning after December 31, 1989. Section 25 is effective for taxable years beginning after December 31, 1989.

ARTICLE 7

SALES AND USE TAX

Section 1. Minnesota Statutes 1990, section 84.82, is amended by adding a subdivision to read:

Subd. 10. [PROOF OF SALES TAX PAYMENT.] A person applying for initial registration of a snowmobile must provide a snowmobile purchaser's certificate, showing a complete description of the snowmobile, the seller's name and address, the full purchase price of the snowmobile, and the trade-in allowance, if any. The certificate must include information showing either (1) that the sales and use tax under chapter 297A was paid or (2) the purchase was exempt from tax under chapter 297A. The commissioner of public safety, in consultation with the commissioner and the commissioner of revenue, shall prescribe the form of the certificate.

Sec. 2. Minnesota Statutes 1990, section 289A.11, subdivision 1, is amended to read:

Subdivision 1. [RETURN REQUIRED.] Except as provided in section 289A.18, subdivision 4, for the month in which taxes imposed by sections 297A.01 to 297A.44 are payable, or for which a return is due, a return for the preceding reporting period must be filed with the commissioner in the form the commissioner prescribes. The return must be verified by a written declaration that it is made under the criminal penalties for making a false return, and in addition must contain a confession of judgment for the amount of the tax shown due to the extent not timely paid. A person making sales at retail at two or more places of business may file a consolidated return subject to rules prescribed by the commissioner.

Notwithstanding this subdivision, a person who is not required to hold a sales tax permit under chapter 297A and who makes annual purchases of less than $5,000 that are subject to the use tax imposed by section 297A.14, may file an annual use tax return on a form prescribed by the commissioner. If a person who qualifies for an annual use tax reporting period is required to obtain a sales tax permit or makes use tax purchases in excess of $5,000 during the calendar year, the reporting period must be considered ended at the end of the month in which the permit is applied for or the purchase in excess of $5,000 is made and a return must be filed for the preceding reporting period.

Sec. 3. Minnesota Statutes 1990, section 289A.18, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX RETURNS.] Sales and use tax returns must be filed on or before the 20th day of the month following the close of the preceding reporting period, except that

annual use tax returns provided for under section 289A.11, subdivision 1, must be filed by April 15 following the close of the calendar year. In addition, on or before June 20 of a year, a retailer who has a May liability of $1,500 or more must file a return with the commissioner for one-half of the estimated June liability, in addition to filing a return for the May liability. On or before August 20 of a year, the retailer must file a return showing the actual June liability.

Sec. 4. Minnesota Statutes 1990, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred or following another reporting period as the commissioner prescribes, except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of $1,500 or more in May of a year must remit the June liability in the following manner:

(1) On or before June 20 of the year, the vendor must remit the actual May liability and one-half of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) When a retailer located outside of a city that imposes a local sales and use tax collects use tax to be remitted to that city, the retailer is not required to remit the tax until the amount collected reaches $10.

Sec. 5. Minnesota Statutes 1990, 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;

(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. "Sale" does not include:

(1) meals or drinks served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes, senior citizens homes, and correctional, detention, and detoxification facilities;

(2) 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; or

(3) meals and lunches served at public and private schools, universities, or colleges. 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, recreational areas, or athletic events, except a world championship football game sponsored by the national football league, and

the privilege of having access to and the use of amusement devices, tanning facilities, reducing salons, steam baths, turkish baths, ~~massage parlors,~~ health clubs, and spas 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, 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~~. Telephone service includes private communication service, as defined in United States Code, title 26, section 4252(d), and paging services. The furnishing for a consideration of access to telephone services by a hotel to its guests is a sale under this clause. 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. The sale of natural gas to be used as a fuel in vehicles propelled by natural gas shall not be considered a sale for the purposes of this section;

(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;

(i) The furnishing for a consideration of parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(j) The furnishing for a consideration of services listed in this paragraph:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not

include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin-operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting and exterminating services;

(iv) services provided by detective agencies, security services, burglar, fire alarm, and armored car services not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; arborist services; tree, bush, and shrub ~~planting,~~ pruning, bracing, spraying, and surgery; and tree trimming for public utility lines~~.~~;

(vii) solid waste collection and disposal services as described in section 297A.45;

(viii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease;

(ix) the furnishing for consideration of space or services for the storage of yachts, ships, boats or other watercraft, including charges for slip and marina rental, boat docking, and similar services; and

(x) the furnishing for consideration of lodging, board and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

The services listed in this paragraph are taxable under section 297A.02 if the service is performed wholly within Minnesota or if the service is performed partly within and partly without Minnesota and the greater proportion of the service is performed in Minnesota, based on the cost of performance. In applying the provisions of this chapter, the terms "tangible personal property" and "sales at retail" include taxable services and the provision of taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable under this paragraph. Services performed by a partnership or association for another partnership or

association are not taxable under this paragraph if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of this section, "affiliated group of corporations" includes those entities that would be classified as a member of an affiliated group under United States Code, title 26, section 1504, and who are eligible to file a consolidated tax return for federal income tax purposes; ~~and~~

~~(vii) solid waste collection and disposal services as described in section 297A.45;~~

(k) A "sale" and a "purchase" includes the transfer of computer software, meaning information and directions that dictate the function performed by data processing equipment. A "sale" and a "purchase" does not include the design, development, writing, translation, fabrication, lease, or transfer for a consideration of title or possession of a custom computer program; and

(l) The granting of membership in a club, association, or other organization if:

(1) the club, association, or other organization makes available for the use of its members sports and athletic facilities (without regard to whether a separate charge is assessed for use of the facilities); and

(2) use of the sports and athletic facilities is not made available to the general public on the same basis as it is made available to members.

Granting of membership includes both one-time initiation fees and periodic membership dues. Sports and athletic facilities include golf courses, tennis, racquetball, handball and squash courts, basketball and volleyball facilities, running tracks, exercise equipment, swimming pools, and other similar athletic or sports facilities. The provisions of this paragraph do not apply to camps or other recreation facilities owned and operated by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, for educational and social activities for young people primarily age 18 and under.

Sec. 6. Minnesota Statutes 1990, 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 (l)~~. 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.

Sec. 7. Minnesota Statutes 1990, section 297A.01, subdivision 10, is amended to read:

Subd. 10. [RETAILER.] "Retailer" includes every person engaged in making sales at retail as herein defined. For isolated and occasional sales of trade or business equipment that are taxable because the sale was arranged or assisted by an agent or broker, the retailer is the agent or broker.

Sec. 8. Minnesota Statutes 1990, section 297A.01, subdivision 15, is amended to read:

Subd. 15. [FARM MACHINERY.] "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" 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 mowing of sod, and certain machinery for dairy, livestock and poultry farms;

(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;

(4) logging equipment, including chain saws used for commercial logging; ~~and~~

(5) primary and backup generator units used to generate electricity for the purpose of operating farm machinery, as defined in this subdivision, or providing light or space heating necessary for the production of livestock, dairy animals, dairy products, or poultry and poultry products; and

(6) aquaculture production equipment.

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. 9. Minnesota Statutes 1990, section 297A.01, is amended by adding a subdivision to read:

Subd. 19. [AQUACULTURE PRODUCTION EQUIPMENT.] "Aquaculture production equipment" means new or used machinery, equipment, implements, accessories, and contrivances used directly and principally in aquaculture production. Aquaculture production equipment includes: augers and blowers, automatic feed systems, manual feeding equipment, shockers, gill nets, trap nets, seines, box traps, round nets and traps, net pens, dip nets, net washers, floating net supports, floating access walkways, net supports and walkways, growing tanks, holding tanks, troughs, raceways, transport tanks, egg taking equipment, egg hatcheries, egg incubators, egg baskets and troughs, egg graders, egg counting equipment, fish counting equipment, fish graders, fish pumps and loaders, fish elevators, air blowers, air compressors, oxygen generators, oxygen regulators, diffusers and injectors, air supply equipment, oxygenation columns, water coolers and heaters, heat exchangers, water filter systems, water purification systems, waste collection equipment, feed mills, portable scales, feed grinders, feed mixers, feed carts and trucks, power feed wagons, fertilizer spreaders, fertilizer tanks, forage collection equipment, land levelers, loaders, post hole diggers, disc, harrow, plow, and water diversion devices.

Sec. 10. Minnesota Statutes 1990, section 297A.02, is amended by adding a subdivision to read:

Subd. 5. [RESIDENTIAL ELECTRICITY.] (a) An excise tax, in lieu of the tax under subdivision 1, is imposed upon retail sales or use of electricity billed to residences in this state at a rate of 0.371 cents per kilowatt hour.

(b) The rates of tax imposed under paragraph (a), and section 297A.021, subdivision 1, paragraph (b) must be annually adjusted for inflation. The commissioner of public service shall by November 1 of each year prepare an estimate of the percentage increase in the average statewide, retail price of a kilowatt hour of electricity during the preceding 12-month period. The tax rate for the next calendar year is the rate for the current year multiplied by the sum of one plus the percentage increase (stated as a decimal) determined by the commissioner of public service. The rates for a calendar year apply to electricity metered during the calendar year. The commissioner shall publish the annual rates in the State Register by December 1. Determination of the rates under this subdivision is not subject to the administrative procedures act.

Sec. 11. Minnesota Statutes 1990, section 297A.02, is amended by adding a subdivision to read:

Subd. 6. [LUXURY ITEMS.] An additional tax is imposed on the retail sale of boats, passenger vehicles, aircraft, jewelry, and furs equal to 25 percent of the tax liability imposed under sections 4001 through 4011 of the Internal Revenue Code of 1986, as amended through December 31, 1990.

Sec. 12. [297A.135] [RENTAL MOTOR VEHICLE TAX.]

Subdivision 1. [TAX IMPOSED.] A tax of $5 is imposed on the lease or rental in this state on a daily or weekly basis of a passenger automobile as defined in section 168.011, subdivision 7, a van as defined in section 168.011, subdivision 28, or a pickup truck as defined in section 168.011, subdivision 29. The tax does not apply if the term of the lease or rental is longer than 28 days. It applies whether or not the vehicle is licensed in the state.

Subd. 2. [SALES AND USE TAX.] The tax imposed in subdivision 1 is not included in the sales price for purposes of determining the sales and use tax imposed in this chapter or any sales and use tax imposed on the transaction under a special law.

Subd. 3. [ADMINISTRATION.] The tax imposed in subdivision 1 must be reported and paid to the commissioner of revenue with the taxes imposed in this chapter. It is subject to the same interest, penalty, and other provisions provided for sales and use taxes under chapter 289A and this chapter. The commissioner has the same powers to assess and collect the tax that are given the commissioner in chapters 270 and 289A and this chapter to assess and collect sales and use tax.

Sec. 13. Minnesota Statutes 1990, section 297A.15, is amended by adding a subdivision to read:

Subd. 7. [REFUND; APPROPRIATION.] The tax on the gross receipts from the sale of building and construction materials exempt under section 297A.25, subdivision 11, paragraph (c), must be imposed and collected at the rate under section 297A.02, subdivision 1, as if the sale were taxable.

On application of the county, the commissioner shall refund to the county the tax paid on the building and construction materials. The application must be in the form and contain the information required by the commissioner to verify the sales tax paid. The contractor or subcontractor must furnish to the county an itemized statement of the building materials purchased and the sales taxes paid. A contractor or subcontractor is not entitled to a refund under section 297A.25, subdivision 11, paragraph (c), or this subdivision.

The amount required to make the refunds is annually appropriated to the commissioner. Interest must be paid on the refunds at the rate in section 270.76 from 60 days after the date the refund claim is filed with the commissioner.

Sec. 14. Minnesota Statutes 1990, section 297A.21, subdivision 1, is amended to read:

Subdivision 1. [RETAILER MAINTAINING PLACE OF BUSINESS IN MINNESOTA.] "Retailer maintaining a place of business in this state", or any like term, shall mean any retailer having or maintaining within this state, directly or by a subsidiary, an office, place of distribution ~~house~~, sales ~~house~~ or sample room or place, warehouse, or other place of business, or ~~any agent operating within~~ having any representative, agent, salesperson, canvasser, or solicitor operating in this state under the authority of the retailer or its subsidiary, ~~whether such place of business or agent is located in the state permanently or temporarily, or whether or not such retailer or subsidiary is authorized to do business within this state~~ for any purpose, including the repairing, selling, delivering, installing, or soliciting of orders for the retailer's goods or services, or the leasing of tangible personal property located in this state, whether the place of business or agent, representative, salesperson, canvasser, or solicitor is located in the state permanently or temporarily, or whether or not the retailer or subsidiary is authorized to do business within this state.

Sec. 15. Minnesota Statutes 1990, section 297A.21, subdivision 4, is amended to read:

Subd. 4. [REQUIRED REGISTRATION BY OUT-OF-STATE RETAILER NOT MAINTAINING PLACE OF BUSINESS IN MINNESOTA.] (a) A retailer making retail sales from outside this state to

a destination within this state and not maintaining a place of business in this state shall file an application for a permit pursuant to section 297A.04 and shall collect and remit the use tax as provided in section 297A.16 if the retailer engages in the regular or systematic soliciting of sales from potential customers in this state by:

(1) the distribution, by mail or otherwise, without regard to the state from which such distribution originated or in which the materials were prepared, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;

(2) display of advertisements on billboards or other outdoor advertising in this state;

(3) advertisements in newspapers published in this state;

(4) advertisements in trade journals or other periodicals the circulation of which is primarily within this state;

(5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition in which this state is included of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;

(6) advertisements in regional or national publications in an edition which is not by its contents geographically targeted to Minnesota but which is sold over the counter in Minnesota or by subscription to Minnesota residents;

(7) advertisements broadcast on a radio or television station located in Minnesota; or

(8) any other solicitation by telegraphy, telephone, computer data base, cable, optic, microwave, or other communication system.

(b) The location within or without this state of vendors independent of the retailer which provide products or services to the retailer in connection with its solicitation of customers within this state, including such products and services as creation of copy, printing, distribution, and recording, is not to be taken into account in the determination of whether the retailer is required to collect use tax. Paragraph (a) shall be construed without regard to the state from which distribution of the materials originated or in which they were prepared.

(c) A retailer not maintaining a place of business in this state shall be presumed, subject to rebuttal, to be engaged in regular solicitation within this state if it ~~(1)~~ engages in any of the activities

in paragraph (a) and (1) makes 100 or more retail sales from outside this state to destinations within this state during a period of 12 consecutive months, or (2) makes ten or more retail sales totaling more than $100,000 from outside this state to destinations within this state during a period of 12 consecutive months.

(d) A retailer not maintaining a place of business in this state shall not be required to collect use tax imposed by any local governmental unit or subdivision of this state and this section does not subject such a retailer to any regulation of any local unit of government or subdivision of this state.

Sec. 16. Minnesota Statutes 1990, 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 registered under section 168.187.

(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 Minnesota mileage ~~operated during the past calendar year within the state of Minnesota~~ as reported on the current pro rata application provided for in section 168.187 and the denominator is the total mileage ~~operated during the past calendar year~~ reported on the current pro rata registration application. The amount so determined shall be multiplied by the tax rate to disclose the tax due.

In computing the tax under this section "sales price" does not include the amount of any tax, except any manufacturer's or importer's excise tax, imposed by the United States upon or with respect to retail sales, whether imposed on the retailer or the consumer.

(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 289A.11 and 289A.20, subdivision 4.

Sec. 17. Minnesota Statutes 1990, section 297A.24, is amended to read:

297A.24 [TAXES IN OTHER STATES.]

Subdivision 1. [STATE TAX.] If any article of tangible personal property or any item enumerated in section 297A.14 has already been subjected to a tax by any other state in respect of its sale, storage, use or other consumption in an amount less than the tax imposed by sections 297A.01 to 297A.44, then as to the person who paid the tax in such other state, the provisions of section 297A.14 shall apply only at a rate measured by the difference between the ~~rate herein fixed~~ sum of the rates imposed under sections 297A.02 and 297A.021 and the rate by which the previous tax was computed. If such tax imposed in such other state was equal to or greater than the tax imposed in this state, then no tax shall be due from such person under section 297A.14.

Subd. 2. [COUNTY TAX.] If an item was subject to tax in one county under section 297A.021 and is used, stored, or consumed in another county imposing the tax under section 297A.021, no tax shall apply under section 297A.14.

Sec. 18. Minnesota Statutes 1990, section 297A.25, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] The items contained in ~~subdivisions 2 to 30~~ this section are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44.

Sec. 19. Minnesota Statutes 1990, section 297A.25, subdivision 10, is amended to read:

Subd. 10. [PUBLICATIONS MATERIALS.] The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property ~~(except as provided in section 297A.14)~~ which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication are exempt. For purposes of this subdivision, "publication" as used herein shall include, without limiting the foregoing, a ~~legal~~ qualified newspaper as defined by section ~~331.02~~ 331A.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. The term "publication" shall not include magazines and periodicals sold over the counter. Machinery, equipment, implements, tools, accesso-

ries, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt.

Sec. 20. Minnesota Statutes 1990, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] (a) 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, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Minnesota center for arts education, and political subdivisions of the state are exempt. Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, paragraph (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii).

(b) Except as provided in paragraph (c), 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.

(c) The gross receipts from all sales of building and construction materials purchased by a county, or by a contractor or subcontractor, as part of a lump sum contract or similar type of contract covering both labor and materials for use in the construction of a county correctional facility, are exempt. The tax must be paid and then refunded to the county as provided in section 297A.15, subdivision 7. For purposes of this paragraph "correctional facility" means a jail authorized under section 641.01, or 641.262, or a correctional facility as defined in section 241.021, subdivision 1, paragraph (5). It includes testing facilities, communication centers, sheriff's offices, evidence and interrogation rooms, law enforcement administrative areas, and parking, storage, and maintenance facilities contained within or connected or adjacent to the facility.

(d) 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. This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities.

Sec. 21. Minnesota Statutes 1990, 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. This exemption does not apply to sales of tangible personal property primarily used in a trade or business if the sale was arranged or assisted by a broker or agent.

Sec. 22. Minnesota Statutes 1990, section 297A.25, is amended by adding a subdivision to read:

Subd. 46. [SACRAMENTAL WINE.] The gross receipts from the sale of wine for sacramental purposes in religious ceremonies, as described in section 340A.316, if the wine is purchased from a nonprofit religious organization meeting the requirements of subdivision 16 or from the holder of a sacramental wine license as provided in section 340A.316 are exempt.

Sec. 23. [297A.2501] [SEVERABILITY RULES; EXEMPTIONS.]

Subdivision 1. [SEVERABILITY; PUBLICATIONS AND COMMUNICATIONS MEDIA.] If the tax on the sale or use of (1) magazines, periodicals, or other printed material, (2) capital equipment, or (3) communications or related services is found to be unconstitutional as a result of the exemption of other elements of the press or communications media or the failure to exempt the press or communication media, the legislature intends the exemption to be invalid and the tax be imposed as widely as necessary to uphold the constitutionality of the tax and ensure the receipt of state revenue.

Subd. 2. [EFFECT OF INVALIDITY OF EXEMPTION.] If an exemption is found invalid, the court shall impose the tax retroactively for the time period that is the subject of the challenge to the tax. After the court's order is final and nonappealable, the commissioner of revenue shall collect unpaid taxes for the period in which the exemption was held invalid from the seller regardless of whether taxes were collected from the purchasers of the goods and services.

Subd. 3. [COORDINATION; OTHER SEVERABILITY PROVISIONS.] The provisions of this section govern to the extent inconsistent with section 645.20.

Sec. 24. Minnesota Statutes 1990, section 297A.255, subdivision 5, is amended to read:

Subd. 5. There is specifically exempted from the provisions of this chapter the purchase or use of aircraft previously registered in the

state of Minnesota by a corporation or partnership when the transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code of 1986, as amended through December 31, 1989.

Sec. 25. Minnesota Statutes 1990, section 297A.257, subdivision 2, is amended to read:

Subd. 2. [SALES TAX EXEMPTION.] (a) Purchase and use of capital equipment is exempt from the sales and use tax imposed by this chapter if the capital equipment is placed in service in connection with the construction of a new or an expansion of an existing manufacturing facility in ~~a distressed county or in~~ the taconite tax relief area defined in section 273.134. Purchase or use of equipment for use in an existing plant qualifies under this section ~~and section 297A.01, subdivision 16,~~ as an expansion if either:

(1) the production capacity of the plant is increased by at least 20 percent as a result or if the total capital investments made within a 12-month period exceed $25,000,000; or

(2) it meets the requirements of section 297A.01, subdivision 16.

Purchases of capital equipment are exempt under this section only to the extent that the purchases of capital equipment for the project during the calendar year exceed $100,000. ~~The county is a distressed county for purposes of this subdivision if it was designated as a distressed county for the time period during which the contract to purchase the equipment was executed.~~

~~A county meeting only the criteria in paragraph (a), clause (3), of subdivision 1 is a distressed county for purposes of this subdivision if it was designated as a distressed county for the time period during which sales and use tax on capital equipment purchased became due and payable.~~

(b) Machinery and equipment qualifies for the exemption under this section, regardless of whether it was purchased by the owner, contractor, subcontractor, or builder.

Sec. 26. Minnesota Statutes 1990, section 297A.257, subdivision 2a, is amended to read:

Subd. 2a. [EXEMPTION FOR CONSTRUCTION MATERIALS.] Construction materials and supplies are exempt from the tax imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if:

~~(a)(1) the materials and supplies are used or consumed in con-~~

~~structing a new manufacturing facility or expanding an existing one in a distressed county; and~~

~~(2) the total capital investment made within a three-year period exceeds $75,000,000; or~~

~~(b)~~(1) the materials and supplies are used or consumed in constructing a new manufacturing facility or expanding an existing one within the taconite tax relief area defined in section 273.134; and

(2) the total capital investment made within a three-year period exceeds $50,000,000.

~~A county is a distressed county for purposes of a project qualifying under this subdivision if it was designated as a distressed county at the time the initial contract to purchase the materials and supplies was executed.~~

Sec. 27. Minnesota Statutes 1990, section 297B.02, is amended by adding a subdivision to read:

Subd. 4. [LUXURY CARS.] An additional tax is imposed on the sale of a passenger vehicle equal to 25 percent of the tax liability imposed under sections 4001 and 4004 of the Internal Revenue Code of 1986, as amended through December 31, 1990.

Sec. 28. Laws 1990, chapter 604, article 6, section 11, is amended to read:

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 3 are effective for sales after June 30, 1990.

Section 4 is effective for sales after December 31, ~~1983~~ 1982. The provisions of Minnesota Statutes, section 297A.35, apply to refunds claimed under section 4.

Section 5 is effective for transactions occurring on or after December 1, 1989.

Sections 6 to 8 are effective February 1, 1990. Any tax increase adopted by action of a city council after February 1, 1990, under Minnesota Statutes, section 469.190, that results in a tax rate that exceeds three percent is ineffective the day following final enactment of this act.

Section 9 is effective the day following final enactment.

Section 10 is effective the day following final enactment, but only

if the legislature authorizes the issuance of bonds for the construction of the facility during its 1990 session.

Sec. 29. Laws 1986, chapter 462, section 31, is amended to read:

Sec. 31. [AUTHORITY FOR TAXATION.]

Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and supplemental to the tax imposed by Laws 1982, chapter 523, article 25, section 1, the city of St. Paul may impose, by ordinance, a tax, at a rate not greater than ~~two~~ three percent, on the gross receipts from the furnishing for consideration of lodging at a hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of space for a continuous period of 30 days or more. The tax does not apply to the furnishing of lodging by a business having less than 50 lodging rooms. The tax shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues generated by this tax shall be used to fund a convention bureau to market and promote the city as a tourist or convention center.

Sec. 30. [ROCHESTER; SALES AND EXCISE TAXES.]

Subdivision 1. [SALES TAX.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, impose an additional sales tax of up to one-half percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. [EXCISE TAX.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, impose an excise tax of up to $20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. [COLLECTION.] The commissioner of revenue may enter into appropriate agreements with the city of Rochester to provide for collection by the state on behalf of the city of a tax imposed by the city of Rochester pursuant to subdivision 1 or 2. The commissioner may charge the city of Rochester from the proceeds of any tax a reasonable fee for its collection. These taxes shall be subject to the same interest, penalties, and other rules as the taxes in chapter 297A.

Subd. 4. [ALLOCATION OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 shall be used to pay the costs of collecting the taxes, capital and administrative costs of capital improvements for fire station, city hall, and public library facilities for which the city voters at the general election held on

November 6, 1990, approved the issuance of general obligation bonds, and to pay debt service on the bonds. The total capital and administrative expenditures payable from bond proceeds and revenues received from the taxes authorized by subdivisions 1 and 2, excluding investment earnings thereon, shall not exceed $28,760,000 for the several purposes.

Subd. 5. [TERMINATION OF TAXES.] The taxes imposed pursuant to subdivisions 1 and 2 shall terminate on the first day of the second month next succeeding a determination by the city council that sufficient funds have been received from the taxes and bond proceeds to finance capital and administrative costs of $28,760,000 for improvements for fire station, city hall, and public library facilities and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the improvements. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

Subd. 6. [BONDS.] The city of Rochester, pursuant to the approval of the city voters at the general election held on November 6, 1990, may issue general obligation bonds of the city in an amount not to exceed $28,760,000 for fire station, city hall, and public library facilities. The debt represented by the bonds shall not be included in computing any debt limitation applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city. The amount of any special levy for debt service for payment of principal and interest on the bonds shall not include the amount of estimated collection of revenues from the taxes imposed pursuant to subdivisions 1 and 2 that are pledged for the payment of those obligations.

Subd. 7. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of Rochester with Minnesota Statutes, section 645.021, subdivision 3, except that the taxes which may be imposed in subdivisions 1 and 2 shall not become effective until the taxes authorized by Laws 1983, chapter 342, article 19, as amended by Laws 1989, chapter 233, have expired or are terminated by the city council.

Sec. 31. [CITY OF MANKATO; SALES TAX.]

Subdivision 1. [SALES TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Mankato may, by ordinance, impose an additional sales tax of up to one-half percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. [EXCISE TAX.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Mankato may, by ordinance, impose an excise tax of up to $20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. [USE OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a portion of the expenses of constructing and operating facilities as part of an urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of Riverfront 2000 and related facilities, and securing or paying debt service on bonds or other obligations issued to finance the construction of Riverfront 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related facilities" means a civic-convention center, an arena, a riverfront park, and all publicly owned real or personal property that the governing body of the city determines will be necessary to facilitate the use of these facilities, including but not limited to, parking, skyways, pedestrian bridges, lighting, and landscaping.

Subd. 4. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] The authority granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall expire when the principal and interest on any bonds or obligations issued to finance construction of Riverfront 2000 and related facilities have been paid or at an earlier time as the city shall, by ordinance, determine. The total capital, administrative, and operating expenditures payable from bond proceeds and revenues received from the taxes authorized by subdivisions 1 and 2, excluding investment earnings on bond proceeds and revenues, shall not exceed $25,000,000 for Riverfront 2000 and related facilities.

Subd. 5. [BONDS.] The city of Mankato may issue general obligation bonds of the city in an amount not to exceed $25,000,000 for Riverfront 2000 and related facilities, without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a tax to pay them. The debt represented by bonds issued for Riverfront 2000 and related facilities shall not be included in computing any debt limitations applicable to the city of Mankato, and the levy of taxes required by section 475.61 to pay principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.

Subd. 6. [REFERENDUM.] The city may impose the tax under this section only upon obtaining the approval of a majority of the electors voting on this question at a general or special election. The

city council shall submit the question to the voters. Notice of the election shall be given in a manner provided by law.

Subd. 7. [COLLECTION.] A sales tax imposed under subdivision 1 or 2 shall be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax. The amount deducted shall be deposited in the state general fund.

Subd. 8. [LOCAL APPROVAL.] This section is effective for the city of Mankato the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Mankato.

Subd. 9. [EFFECTIVE DATE OF TAX.] A tax permitted by subdivisions 1 and 2 must be imposed and its rate fixed on or before December 31, 1992.

Sec. 32. [CITY OF NORTH MANKATO; SALES TAX.]

Subdivision 1. [SALES TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of North Mankato may, by ordinance, impose an additional sales tax of up to one-half percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. [EXCISE TAXES.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of North Mankato may, by ordinance, impose an excise tax of up to $20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. [USE OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 shall be used by the city of North Mankato to pay the cost of collecting the taxes and all or a portion of the expenses of constructing a fire station, an expansion and remodeling of their existing municipal building, and related facilities. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the construction of the facilities, securing or paying debt service on bonds or other obligations issued to finance the construction of a fire station, expansion and remodeling of the municipal building, and related facilities. For purposes of this section, "related facilities" means all publicly owned real or personal property that the governing body of

the city determines will be necessary to facilitate the use of the fire station and municipal building, including parking, lighting, and landscaping.

Subd. 4. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] The authority granted by subdivisions 1 and 2 to the city to impose a sales tax shall expire when the principal and interest on any bonds or other obligations issued to finance construction of the fire hall and expansion and remodeling of the municipal building and related facilities have been paid or at an earlier time as the city shall, by ordinance, determine. The total capital and administrative expenditures payable from bond proceeds and revenues received from the taxes authorized by subdivisions 1 and 2, excluding investment earnings on bond proceeds and revenues, shall not exceed $2,000,000.

Subd. 5. [BONDS.] The city of North Mankato may issue general obligation bonds of the city in an amount not to exceed $2,000,000 for constructing a fire station, an expansion and remodeling of their existing municipal building, and related facilities. The debt represented by the bonds shall not be included in computing any debt limitation applicable to the city, and the levy of taxes required by section 475.61, to pay the principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.

Subd. 6. [COLLECTION.] A sales tax imposed under subdivision 1 or 2 shall be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax. The amount deducted shall be deposited in the state general fund.

Subd. 7. [REFERENDUM.] The city may impose the tax under this section only upon obtaining the approval of a majority of the election voting on the question at a general or special election. The city council shall submit the question to the voters. Notice of the election shall be given in a manner provided by law.

Subd. 8. [LOCAL APPROVAL.] This section is effective for the city of North Mankato the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of North Mankato.

Subd. 9. [EFFECTIVE DATE OF TAX.] A tax permitted by subdivisions 1 and 2 must be imposed and its rate fixed on or before December 31, 1992.

Sec. 33. [WINONA LODGING TAX.]

Subdivision 1. [TAX.] Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or any other law, the city of Winona may by ordinance impose a tax of up to six 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. The city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground. The proceeds of the tax may be used for any lawful city purpose. A tax under this section is in lieu of any tax under Minnesota Statutes, section 469.190. The city may agree with the commissioner of revenue that a tax imposed pursuant to this section shall be collected by the commissioner together with the tax imposed by chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 takes effect the day after the governing body of the city of Winona complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 34. [REFUNDS.]

No refunds may be paid under section 22 unless the claimant can demonstrate to the commissioner of revenue that the refunds will be paid to those who paid the tax.

Sec. 35. [REPEALER.]

(a) Minnesota Statutes 1990, section 297A.257, subdivisions 1, 2b, and 3, are repealed.

(b) Laws 1986, chapter 399, article 1, section 5, is repealed.

Sec. 36. [EFFECTIVE DATE.]

Section 1 is effective for snowmobiles registered after September 1, 1991. Sections 2 to 5, 7 to 11, 17, 21, and 27 are effective for purchases made after June 30, 1991. Section 25, paragraph (b), is effective for projects begun during the time a county was designated as distressed under section 297A.257, or in the taconite tax relief area, if the capital equipment was placed in service after August 1, 1990. Sections 6, 14, 16, 19, 25, except paragraph (b), 26, 28, and 35 are effective July 1, 1991. Section 12 is effective for leases or rentals of motor vehicles after June 30, 1991. Section 15 is effective retroactive to July 1, 1989. Section 22 is effective for sales of wine after December 31, 1987. Section 24 is effective retroactive to July 1, 1990. Section 18 is effective the day following final enactment. Section 29 is effective upon compliance by the city of St. Paul with

Minnesota Statutes, section 645.021, subdivision 3. Sections 13 and 20 are effective for sales after May 1, 1991.

ARTICLE 8

SPECIAL TAXES

Section 1. Minnesota Statutes 1990, section 43A.316, subdivision 9, is amended to read:

Subd. 9. [INSURANCE TRUST FUND.] The insurance trust fund in the state treasury consists of deposits of the premiums received from employers participating in the plan and transfers from the public employees insurance reserve holding account established by section 353.65, subdivision 7. All money in the fund is appropriated to the commissioner to pay insurance premiums, approved claims, refunds, administrative costs, and other related service costs. Premiums paid by employers to the fund are exempt from the tax imposed by sections 60A.15 and 60A.198. 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 must be credited to the fund.

Sec. 2. Minnesota Statutes 1990, section 60A.19, subdivision 8, is amended to read:

Subd. 8. [INSURANCE FROM UNLICENSED FOREIGN COMPANIES.] Any person, firm, or corporation desiring to obtain insurance upon any property, interests, or risks of any nature other than life insurance in this state in companies not authorized to do business therein shall give bond to the commissioner of commerce in such sum as the commissioner shall deem reasonable, with satisfactory resident sureties, conditioned that the obligors, on the expiration of a license to obtain such insurance, shall pay to the commissioner of revenue, for the use of the state, a tax of two percent upon the gross premiums paid by the licensee. Thereupon the commissioner of commerce shall issue such license, good for one year, and all insurance procured thereunder shall be lawful and valid and the provisions of all policies thereof shall be deemed in accordance, and construed as if identical in effect, with the standard policy prescribed by the laws of this state and the insurers may enter the state to perform any act necessary or proper in the conduct of the business. This bond may be enforced by the commissioner of commerce in the commissioner's name in any district court. The licensee shall file with the commissioner of commerce on June 30 and December 31 annually a verified statement of the aggregate premiums paid and returned premiums received on account of such insurance.

The commissioner of revenue, or duly authorized agents, may conduct investigations, inquiries, and hearings to enforce the tax imposed by this subdivision and, in connection with those investigations, inquiries, and hearings, the commissioner and duly authorized agents have all the powers conferred by section 270.06.

Sec. 3. Minnesota Statutes 1990, section 69.54, is amended to read:

69.54 [SURCHARGE ON PREMIUMS TO RESTORE DEFICIENCY IN SPECIAL FUND.]

Subdivision 1. [SURCHARGE.] 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 on March 31, May 31, and October 31 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.

Subd. 2. [ENFORCEMENT.] The commissioner, or duly authorized agents, may conduct investigations, inquiries, and hearings to enforce the surcharge imposed by subdivision 1 and, in connection with those investigations, inquiries, and hearings, the commissioner and duly authorized agents have the powers conferred upon the commissioner and examiners by section 270.06.

Sec. 4. Minnesota Statutes 1990, section 270.60, is amended to read:

270.60 [TAX REFUND AGREEMENTS WITH INDIANS.]

Subdivision 1. [TAXES PAID BY INDIANS.] The commissioner of revenue is authorized to enter into a tax refund agreement with the governing body of any Sioux or Chippewa reservation in Minnesota. The agreement may provide for a mutually agreed upon amount as a refund to the governing body of any sales or excise tax paid by the Indian residents of a reservation into the state treasury, or for an amount which measures the economic value of an agreement by the council to pay the equivalent of the state sales tax on items included in the sales tax base but exempt on the reservation, notwithstanding any other law which limits the refundment of taxes.

Subd. 2. [CIGARETTE TAXES.] The commissioner of revenue is also authorized to enter into a tax refund agreement with the governing body of any federally recognized Indian reservation in

Minnesota, for refund of a mutually agreed upon amount of the cigarette taxes collected from sales on reservations or trust lands of an Indian tribe to the established governing body of the tribe having jurisdiction over the reservation or trust land on which the sale is made.

Subd. 3. [APPROPRIATION.] There is annually appropriated from the general fund to the commissioner of revenue the amounts necessary to make the refunds provided in this section.

Sec. 5. Minnesota Statutes 1990, 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 is the grantor, assignor, transferor, conveyor, 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.

J. Any deed or other instrument of conveyance issued pursuant to a land exchange under section 92.121 and related laws.

Sec. 6. Minnesota Statutes 1990, 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 and sellers of telephone services, but excluding resellers ~~and cellular radio~~. "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. 7. Minnesota Statutes 1990, 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, 1988, four percent,~~

~~for calendar year 1989, three percent, provided that the estimated tax payments made on March 15 and June 15, 1989, pursuant to section 295.365, must be made as if the tax were imposed at a rate of four percent,~~

for calendar ~~year 1990~~ years 1991 and 1992, 1.5 percent,

for calendar year ~~1991~~ 1993, ~~one~~ 1.25 percent, provided the estimated tax payments on March 15 and June 15, 1993, under section 295.365, must be made as if the tax were imposed at a rate of 1.5 percent, and

for calendar years beginning after December 31, ~~1991~~ 1993, exempt; and

(b) for gross earnings derived from all other business

~~for calendar years beginning before December 31, 1988, seven percent,~~

~~for calendar year 1989, 5.5 percent, provided that the estimated tax payments made on March 15 and June 15, 1989, pursuant to section 295.365, must be made as if the tax were imposed at a rate of seven percent,~~

for calendar ~~year 1990~~ years 1991 and 1992, three percent,

for calendar year ~~1991~~ 1993, ~~2.5~~ 2.75 percent, provided that the estimated tax payments on March 15 and June 15, 1993, under section 295.365 must be made as if the tax were imposed at a rate of three percent, and

for calendar years beginning after December 31, ~~1991~~ 1993, exempt.

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 is imposed on all long distance access charges allocated 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 1989, payable in 1990, and sales and use taxes imposed as a result of 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. For the purposes of this section, the population of any statutory city shall be considered as that stated in the latest federal census.

(c) For the period January 1, 1984 through December 31, 1986, all money paid by a company for connecting fees and switching charges, including carriers access charges except that portion paid for directory assistance and billing and collection services, to any other company must be reported as earnings by the company to which they are paid, but are not deemed to be earnings of the collecting and paying company.

(d) Gross earnings include customer access charges. Customer access charges are not gross earnings from business originating or terminating outside of Minnesota for purposes of the gross earnings tax. Customer access charges include the flat rate monthly charges received by a telephone company from its customers, that are authorized by the Federal Communications Commission and that

compensate a telephone company for the cost of a local telephone plant to the extent attributable to interstate service.

Sec. 8. [295.367] [SURTAX ON 900 PAY-PER-CALL SERVICES.]

Subdivision 1. [TAX IMPOSED.] A tax of 50 cents for each call placed to a 900 service after September 1, 1991, is imposed on the billing agency for the service.

Subd. 2. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given.

(b) "900 service" means pay-per-call 900 information services provided through a telephone exchange, commonly accessed by dialing 1-900, 1-960, 1-976, or other similar prefix.

(c) "Billing agency" means the person or entity responsible for billing and collection of the charges for 900 services from the purchaser of the service.

Subd. 3. [PAYMENT; ADMINISTRATION.] (a) If the billing agency is a telephone company, the tax must be paid, collected, and administered at the times and in the manner provided for the gross earnings tax, and the tax shall be considered a tax imposed under sections 295.34 to 295.366.

(b) If the billing agency is not a telephone company, the tax shall be paid, collected, and administered as if the tax were a sales tax imposed under section 297A.02 and all the rules applicable under chapters 270B, 289A, and 297A apply to the tax.

Sec. 9. Minnesota Statutes 1990, section 296.026, subdivision 2, is amended to read:

Subd. 2. [PROPANE PERMIT FEES IMPOSED.] The fees for annual alternate fuel permits for vehicles propelled by propane are based on each vehicle's mileage in the preceding year and are as follows:

Gross Vehicle Weight	Fee
Under 6,000 pounds	$8.80 per 1,000 miles
6,001 – 12,000 pounds	$10.60 per 1,000 miles
12,001 – 18,000 pounds	$18.80 per 1,000 miles
18,001 – 26,000 pounds	$27.10 per 1,000 miles
26,001 – 36,000 pounds	$31.80 per 1,000 miles
Over 36,000 pounds	$40.00 per 1,000 miles

A log with validating receipts pertaining to the vehicle's out of state mileage may be supplied to the commissioner of public safety

at the time of permit application to be subtracted from the actual mileage for the purpose of calculating the permit fee. If no true cumulative mileage figures are available for the preceding year, the fee charged under this section must be based on 15,000 miles driven within the state.

The fee for a permit required by this section must be calculated based on the number of unexpired months remaining in the registration year of the vehicle as measured from the date of the occurrence of the event requiring the permit.

Sec. 10. Minnesota Statutes 1990, section 296.026, is amended by adding a subdivision to read:

Subd. 2a. [NATURAL GAS PERMIT FEES IMPOSED.] The fees for annual alternate fuel permits for vehicles propelled by natural gas is $25 for passenger automobiles, pickup trucks, and vans, as defined in section 168.011, and $50 for all other vehicles, except that the permit fee for vehicles owned or operated by a public utility that sells natural gas as a vehicle fuel is $75. This subdivision is repealed effective July 1, 1997, and all vehicles propelled by natural gas after June 30, 1997, must be taxed in the manner provided in subdivision 2. This fee is in lieu of and no other fees may be collected by the state, a local government, or other authority for a franchise to provide natural gas service for the sale of natural gas to be used as a fuel in vehicles propelled by natural gas.

Sec. 11. Minnesota Statutes 1990, section 296.026, is amended by adding a subdivision to read:

Subd. 2b. [MILEAGE CALCULATIONS.] A log with validating receipts pertaining to the vehicle's out-of-state mileage may be supplied to the commissioner of public safety at the time of permit application to be subtracted from the actual mileage for the purpose of calculating the permit fee. If no true cumulative mileage figures are available for the preceding year, the fee must be based on 15,000 miles driven within the state for a fee determined under subdivision 2 or 7,500 miles driven within the state for a fee determined under subdivision 2a.

The fee for a permit required by this section must be calculated based on the number of unexpired months remaining in the registration year of the vehicle as measured from the date of the occurrence of the event requiring the permit.

Sec. 12. Minnesota Statutes 1990, section 296.026, subdivision 7, is amended to read:

Subd. 7. [FEES IN LIEU OF GAS TAX.] The permit fees collected under ~~subdivision~~ subdivisions 2 and 2a are in lieu of the gasoline

excise tax imposed by sections 296.02 and 296.025. Compressed natural gas or propane sold as fuel for motor vehicles displaying valid annual alternate fuel permit stickers is not subject to any additional tax at the time of sale. All alternate fuel permit fees collected by the department of public safety must be deposited in the state treasury and credited to the highway user tax distribution fund.

Sec. 13. [296.165] [UNTAXED GASOLINE AND SPECIAL FUEL; SEIZURE AND FORFEITURE.]

Subdivision 1. [SEIZURE.] The commissioner or authorized designees may seize gasoline or special fuel being transported for delivery in violation of section 296.06, subdivision 1, and any vehicle or other method of conveyance used for transporting the gasoline or special fuel. Property seized under this subdivision is subject to forfeiture as provided in subdivisions 2 and 3.

Subd. 2. [INVENTORY.] Within two days after the seizure of gasoline or special fuel, the person making the seizure shall deliver an inventory of the property seized to the person from whom the seizure was made, if known, and file a copy with the office of the commissioner. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an interest in the property may file with the commissioner a demand for a judicial determination of whether the property was lawfully subject to seizure and forfeiture. The commissioner, within 30 days of demand for a judicial determination, shall begin an action in the district court of the county where the seizure was made to determine the issue of forfeiture. The action must be brought in the name of the state and prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and shall try and determine the issues of fact and law involved. When a judgment of forfeiture is entered, the commissioner may, unless the judgment is stayed pending an appeal, either (1) cause the forfeited property to be destroyed; or (2) cause it to be sold at public auction as provided by law. Proceeds of a sale, after deducting the expense of keeping the gasoline or special fuel and costs of the sale, must be paid into the state treasury. The commissioner shall reimburse designees for costs incurred. If a demand for judicial determination is made and no action is commenced as provided in this subdivision, the property must be released by the commissioner and redelivered to the person entitled to it. If no demand is made, the property seized must be considered forfeited to the state by operation of law and may be disposed of by the commissioner as provided where there has been a judgment of forfeiture. When the commissioner is satisfied that a person from whom property is seized under this chapter was acting in good faith and without intent to evade the tax, the commissioner shall release the property seized, without further legal proceedings.

Subd. 3. [CONVEYANCES.] (a) The commissioner or authorized designees shall file with the court a separate complaint against the vehicle or conveyance, describing it and charging its use in the specified violation, and specifying substantially the time and place of the unlawful use. A copy of the complaint must be served on the defendant or person in charge of the vehicle or conveyance at the time of seizure, if any. The court shall issue an order directed to any person known or believed to have a right or title to, interest in, or lien on the vehicle or conveyance and to persons unknown claiming a right, title, interest, or lien:

(1) describing the vehicle or conveyance and stating that it was seized and that a complaint against it, charging the specified violation, has been filed with the court;

(2) requiring the persons to file with the court administrator of the court their answer to the complaint, setting forth any claim they may have to a right or title to, interest in, or lien on the vehicle or conveyance, within ten days after the service of the order; and

(3) notifying them in substance that if they fail to file their answer within that time the vehicle or conveyance will be ordered sold by the commissioner.

(b) The court shall cause the order to be served on:

(1) the registered owner;

(2) any person who has duly filed a conditional sales contract, mortgage, or other lien instrument covering the property unless it has been released or satisfied;

(3) any other person known or believed to have a right, title, interest in, or lien upon, the vehicle or conveyance as in the case of a summons in a civil action; and

(4) on unknown persons by publication, as provided for service of summons in a civil action.

(c) If no answer is filed within the time prescribed, the court shall, on affidavit by the court administrator of the court setting forth that fact, order the vehicle or conveyance forfeited and direct that it be sold by the commissioner or the commissioner's agents. The proceeds of the sale, after deducting the expense of keeping the vehicle or conveyance and costs of the sale, including any costs incurred pursuant to paragraph (f), must be paid into the state treasury. The commissioner shall reimburse designees for costs incurred.

(d) If an answer is filed within the time provided, the court shall fix a time for hearing at least ten but no more than 30 days after the

time for filing the answer expires. At the hearing, the matter must be heard and determined by the court, without a jury, as in other civil actions. If the court finds that the vehicle or conveyance, or any part of it, was used in a violation as specified in the complaint, it shall order the vehicle or conveyance forfeited and direct that it be sold, as provided in this section, unless the owner shows to the satisfaction of the court that the vehicle was being used without the owner's consent or that, when giving the consent, the owner had no notice or knowledge or reason to believe that the vehicle or conveyance was intended to be used in a violation. After deducting the expense of keeping the vehicle or conveyance and costs of the sale, the officer making the sale shall pay, according to their priority, all liens established at the hearing as being bona fide and existing without the lienor having any notice or knowledge at the time the lien was created that the vehicle or conveyance was being used or was intended to be used in connection with any violation, and shall pay the balance of the proceeds into the state treasury. The commissioner shall reimburse designees for costs incurred. A sale under this section frees the conveyance sold from all liens.

(e) At any time after seizure and before the hearing, the vehicle or conveyance must be returned to the owner or person having a legal right to its possession on execution by that person of a valid bond to the state of Minnesota, with corporate surety, of at least $100 but not more than double the value of the vehicle or conveyance seized, to be approved by the court in which the case is triable, or a judge of that court. The bond must guarantee compliance with the order and judgment of the court, and, if ordered by the court, payment of the full value of the vehicle or conveyance at the time of seizure.

(f) If the seized vehicle or conveyance is owned or operated by a for-hire common or contract motor carrier, and was being used without knowledge of the violation, the commissioner shall return the vehicle or conveyance to its owner or operator as soon as possible without need for court order, and shall provide to such owner or operator reasonable compensation for the time during which the vehicle or conveyance is held pursuant to seizure.

Sec. 14. Minnesota Statutes 1990, 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 and who manufactures or who brings, or causes to be brought, into this state from without the state any packages of cigarettes for sale to subjobbers or retailers;

(2) 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;

(3) any person who is on direct purchase from a cigarette manufacturer and applies cigarette stamps ~~or indicia~~ on at least 50 percent of cigarettes sold by that person.

A distributor who also sells at retail must maintain a separate inventory, substantiated with invoices for cigarettes that were acquired for retail sale.

A distributor may transfer another state's stamped cigarettes to another distributor for the purpose of resale in the other state.

Sec. 15. Minnesota Statutes 1990, section 297.03, subdivision 1, is amended to read:

Subdivision 1. [STAMP PUT ON BY DISTRIBUTOR.] 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, every distributor shall firmly affix to each package of cigarettes appropriate stamps in amounts equal to the tax on those cigarettes as provided for in section 297.02.

Sec. 16. Minnesota Statutes 1990, section 297.03, subdivision 2, is amended to read:

Subd. 2. [TIME OF AFFIXING STAMP.] The commissioner may require, in all cases where cigarettes are shipped into this state by any licensed distributor from without this state, that the appropriate stamp shall be affixed to the package at the time the same enters this state.

Sec. 17. Minnesota Statutes 1990, section 297.03, subdivision 4, is amended to read:

Subd. 4. [STAMPS; DESIGN, PRINTING.] The commissioner shall adopt the design of ~~the~~ two stamps ~~and~~. One stamp shall be designed for application to cigarette packages destined for retail sale on an Indian reservation which is a party to an agreement pursuant to section 270.60, subdivision 2, and only to those packages. A second stamp shall be designed for all other cigarette packages subject to the provisions of this chapter. The commissioner shall arrange for the printing thereof in such amounts and denominations as the commissioner deems necessary.

Sec. 18. Minnesota Statutes 1990, section 297.03, subdivision 6, is amended to read:

Subd. 6. [TAX ~~METER MACHINES;~~ STAMPING MACHINES.] (a) ~~Before July 1, 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.~~

~~(b) After June 30, 1990,~~ 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. 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.

~~(c)~~ (b) If the commissioner finds that a stamping machine is not 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.

~~(d)~~ (c) The commissioner shall annually establish the maximum amount of heat applied stamps that may be purchased each month. Notwithstanding any other provisions of this chapter, the tax due on the return will be based upon actual heat applied stamps purchased during the reporting period.

Sec. 19. Minnesota Statutes 1990, section 297.07, subdivision 5, is amended to read:

Subd. 5. [OFFSET.] Upon audit, if a distributor's return reflects an overage, the overage shall be offset against a shortage, if any, in the month immediately preceding the month of the overage. If any overage remains after that offset, the remainder may only be offset against a shortage, if any, in the month immediately following the month of the overage or, if the commissioner determines that the overage was attributable to a mistake by the distributor with no intent to defraud, the commissioner may permit the overage to be offset against a shortage in any month or months during the 12-month period immediately following the month when the overage was discovered upon audit.

Sec. 20. Minnesota Statutes 1990, section 297.08, subdivision 1, is amended to read:

Subdivision 1. [CONTRABAND DEFINED.] The following are declared to be contraband:

(1) All packages which do not have stamps affixed to them as provided in sections 297.01 to 297.13 and all devices for the vending of cigarettes in which such unstamped packages are found, including all contents contained within the devices.

(2) Any device for the vending of cigarettes and all packages of cigarettes contained therein, where the device does not afford at least partial visibility of contents. Where any package exposed to view does not carry the stamp required by sections 297.01 to 297.13, it shall be presumed that all packages contained in the device are unstamped and contraband.

(3) Any device for the vending of cigarettes to which the commissioner or authorized agents have been denied access for the inspection of contents. In lieu of seizure, the commissioner or an agent may seal the device to prevent its use until inspection of contents is permitted.

(4) Any device for the vending of cigarettes which does not carry the name and address of the owner, plainly marked and visible from the front of the machine.

(5) Any device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner or of a person operating with the consent of the owner for the storage or transportation of more than 5,000 cigarettes which are contraband under this subdivision. When cigarettes are being transported in the course of interstate commerce, or are in movement from either a public warehouse to a distributor upon orders from a manufacturer or distributor, or from one distributor to another, the cigarettes are not contraband, notwithstanding the provisions of clause (1).

(6) All packages obtained in violation of section 297.11, subdivision 6.

(7) All packages offered for sale or held as inventory in violation of section 297.11, subdivision 7.

Sec. 21. Minnesota Statutes 1990, section 297.11, subdivision 1, is amended to read:

Subdivision 1. [COUNTERFEITING~~, TAMPERING WITH TAX METER~~.] No person shall, with intent to defraud the state, make, alter, forge, or counterfeit any license or stamp provided for in sections 297.01 to 297.13 or have in possession any forged, spurious, or altered stamps~~, or tamper with or reset any tax meter machine~~ with the intent, or with the result, of depriving the state of the tax imposed by sections 297.01 to 297.13.

Sec. 22. Minnesota Statutes 1990, section 297.11, is amended by adding a subdivision to read:

Subd. 6. [PROHIBITION AGAINST SALES BY UNLICENSED SELLERS.] No retailer or subjobber shall purchase cigarettes from any person who is not licensed under section 297.04 as a cigarette distributor or subjobber.

Sec. 23. Minnesota Statutes 1990, section 297.11, is amended by adding a subdivision to read:

Subd. 7. [SALE OF PACKAGES WITH INDIAN STAMP.] No retailer doing business off of an Indian reservation shall offer for sale or possess as inventory packages affixed with the stamp designed for Indian reservations.

Sec. 24. [297.385] [PROHIBITION.]

Subdivision 1. [SALES BY UNLICENSED SELLERS.] No retailer or subjobber shall purchase tobacco products from any person who is not licensed under section 297.33 as a tobacco products distributor or subjobber.

Subd. 2. [SEIZURE.] Tobacco products purchased in violation of subdivision 1 may be seized by the commissioner or authorized agents or by any sheriff or other police officer, with or without process, and shall be subject to forfeiture as provided in section 297.08, subdivision 3.

Sec. 25. Minnesota Statutes 1990, section 297.43, is amended by adding a subdivision to read:

Subd. 10. [STATUTE OF LIMITATIONS.] Notwithstanding section 628.26, or other provision of the criminal laws of this state, an indictment may be found and filed or a complaint filed upon a criminal offense specified in this chapter, in the proper court within six years after the offense is committed.

Sec. 26. Minnesota Statutes 1990, section 297C.03, subdivision 6, is amended to read:

Subd. 6. [INFORMATIONAL RETURNS.] Manufacturers, wholesalers, and importers licensed to ship distilled spirits or wine into Minnesota shall file with the commissioner a monthly informational report on a form prescribed by the commissioner. No payment of any tax is required to be remitted with this report. The report must be filed on or before the tenth day following the end of each calendar month, regardless of whether or not any shipments were made into Minnesota during the previous month, unless the commissioner determines that a longer filing period is appropriate for a particular

manufacturer, wholesaler, or importer. A person failing to file this ~~monthly~~ report is subject to the provisions of section 297C.14, subdivision 8.

Sec. 27. Minnesota Statutes 1990, section 297C.10, is amended by adding a subdivision to read:

Subd. 3. [PHYSICAL INVENTORY.] The commissioner of revenue or the commissioner's authorized agents may, upon request but not more than twice annually, require a brewer, manufacturer, wholesaler, or retailer to furnish a physical inventory of all wine and distilled spirits in stock. The inventory must contain the information that the commissioner requests and must be certified by an officer of the corporation.

Sec. 28. Minnesota Statutes 1990, section 297D.01, subdivision 3, is amended to read:

Subd. 3. ~~"Dealer"~~ "Tax obligor" or "obligor" means a person who in violation of Minnesota law manufactures, produces, ships, transports, or imports into Minnesota or in any manner acquires or possesses more than 42-1/2 grams of marijuana, or seven or more grams of any controlled substance, or ten or more dosage units of any controlled substance which is not sold by weight. A quantity of marijuana or other controlled substance is measured by the weight of the substance whether pure or impure or dilute, or by dosage units when the substance is not sold by weight, in the ~~dealer's~~ tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a detectable quantity of pure controlled substance and any excipients or fillers.

Sec. 29. Minnesota Statutes 1990, 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~~ Tax obligors 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. 30. Minnesota Statutes 1990, section 297D.04, is amended to read:

297D.04 [TAX PAYMENT REQUIRED FOR POSSESSION.]

No ~~dealer~~ tax obligor may possess any marijuana or controlled substance upon which a tax is imposed by section 297D.08 unless the

tax has been paid on the marijuana or other controlled substance as evidenced by a stamp or other official indicia.

Sec. 31. Minnesota Statutes 1990, section 297D.05, is amended to read:

297D.05 [NO IMMUNITY.]

Nothing in this chapter may in any manner provide immunity for a ~~dealer~~ tax obligor from criminal prosecution pursuant to Minnesota law.

Sec. 32. Minnesota Statutes 1990, section 297D.07, is amended to read:

297D.07 [MEASUREMENT.]

For the purpose of calculating the tax under section 297D.08, a quantity of marijuana or other controlled substance is measured by the weight of the substance whether pure or impure or dilute, or by dosage units when the substance is not sold by weight, in the ~~dealer's~~ tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a detectable quantity of pure controlled substance and any excipients or fillers.

Sec. 33. Minnesota Statutes 1990, section 297D.09, subdivision 1, is amended to read:

Subdivision 1. [PENALTIES.] Any ~~dealer~~ tax obligor 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.

Sec. 34. Minnesota Statutes 1990, section 297D.09, subdivision 1a, is amended to read:

Subd. 1a. [CRIMINAL PENALTY; SALE WITHOUT AFFIXED STAMPS.] In addition to the tax penalty imposed, a ~~dealer~~ tax obligor 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 seven years or to payment of a fine of not more than $14,000, or both.

Sec. 35. Minnesota Statutes 1990, section 297D.11, is amended to read:

297D.11 [PAYMENT DUE.]

Subdivision 1. [STAMPS AFFIXED.] When a ~~dealer~~ tax obligor purchases, acquires, transports, or imports into this state marijuana or controlled substances on which a tax is imposed by section 297D.08, and if the indicia evidencing the payment of the tax have not already been affixed, the ~~dealer~~ tax obligor shall have them permanently affixed on the marijuana or controlled substance immediately after receiving the substance. Each stamp or other official indicia may be used only once.

Subd. 2. [PAYABLE ON POSSESSION.] Taxes imposed upon marijuana or controlled substances by this chapter are due and payable immediately upon acquisition or possession in this state by a ~~dealer~~ tax obligor.

Sec. 36. Minnesota Statutes 1990, section 297D.12, subdivision 1, is amended to read:

Subdivision 1. [ASSESSMENT PROCEDURE.] An assessment for a ~~dealer~~ tax obligor 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.

Sec. 37. Minnesota Statutes 1990, section 297D.13, subdivision 1, is amended to read:

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~~ tax obligor; nor can any information contained in such a report or return or obtained from a ~~dealer~~ tax obligor be used against the ~~dealer~~ tax obligor in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this chapter from the ~~dealer~~ tax obligor making the return.

Sec. 38. Minnesota Statutes 1990, section 297D.13, subdivision 3, is amended to read:

Subd. 3. [STATISTICS.] This section does not prohibit the commissioner from publishing statistics that do not disclose the identity of ~~dealers~~ tax obligors or the contents of particular returns or reports.

Sec. 39. Minnesota Statutes 1990, section 297D.14, is amended to read:

297D.14 [INVESTIGATORY POWERS.]

For the purpose of determining the correctness of any return, determining the amount of tax that should have been paid, determining whether or not the ~~dealer~~ tax obligor should have made a return or paid taxes, or collecting any taxes under this chapter, the commissioner may examine, or cause to be examined, any books, papers, records, or memoranda, that may be relevant to making such determinations, whether the books, papers, records, or memoranda, are the property of or in the possession of the ~~dealer~~ tax obligor or another person. The commissioner may require the attendance of any person having knowledge or information that may be relevant, compel the production of books, papers, records, or memoranda by persons required to attend, take testimony on matters material to the determination, and administer oaths or affirmations. Upon demand of the commissioner or any examiner or investigator, the court administrator of any court shall issue a subpoena for the attendance of a witness or the production of books, papers, records, and memoranda. The commissioner may also issue subpoenas. Disobedience of subpoenas issued under this chapter is punishable by the district court of the district in which the subpoena is issued, or, if the subpoena is issued by the commissioner, by the district court of the district in which the party served with the subpoena is located, in the same manner as contempt of district court.

Sec. 40. [325D.405] [INVESTIGATIONS.]

The commissioner or duly authorized agents may conduct investigations to determine compliance with the provisions of sections 325D.30 to 325D.42 and, in connection with such investigations, the commissioner and duly authorized agents have all the powers conferred upon the commissioner by section 270.06.

Sec. 41. Laws 1987, chapter 268, article 11, section 12, is amended to read:

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 3 and 6 to 11, paragraph (a), are effective for all tax years after December 31, 1986. Section 11, paragraph (b), is effective beginning calendar year ~~1992~~ 1994.

Sec. 42. [REPEALER.]

Minnesota Statutes 1990, section 296.028, is repealed.

Sec. 43. [EFFECTIVE DATE.]

Section 1 is effective retroactive to August 1, 1990. Sections 6, 26, and 27 are effective July 1, 1991. Section 7 is effective for calendar years beginning after December 31, 1990. Sections 5, 13, and 19 are effective the day following final enactment. Section 25 is effective for offenses committed after June 30, 1988.

ARTICLE 9

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 1990, section 273.1399, subdivision 1, is amended to read:

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

(a) "Qualifying captured tax capacity" means the following amounts:

(1) the captured tax capacity of a new or the expanded part of an existing economic development or soils condition tax increment financing district, other than a qualified manufacturing district, for which certification was requested after April 30, 1990; ~~and~~

(2) the captured tax capacity of a qualified manufacturing district, multiplied by the following percentage based on the number of years that have elapsed since the district was first certified (measured from January 2 immediately preceding certification of the original tax capacity). In no case may the final amounts be less than zero or greater than the total captured tax capacity of the district:

Number of Years	Percentage
1	0
2	20
3	40
4	60
5	80
6 or more	100;

(3) the captured tax capacity of a new or the expanded part of an existing tax increment financing district, other than an economic development or soils condition district, for which certification was requested after April 30, 1990, multiplied by the following percentage based on the number of years that have elapsed since the district was first certified (measured from January 2 immediately preceding certification of the original tax capacity). In no case may the final amounts be less than zero or greater than the total captured tax capacity of the district.

Number of years	Renewal and Renovation Districts	All other Districts
0 to 5	0	0
6	12.5	6.25
7	25	12.5
8	37.5	18.75
9	50	25
10	62.5	31.25
11	75	37.5
12	87.5	43.75
13	100	50
14	100	56.25
15	100	62.5
16	100	68.75
17	100	75
18	100	81.25
19	100	87.5
20	100	93.75
21 or more	100	100

In the case of a hazardous substance subdistrict, the number of years must be measured from the date of certification of the subdistrict for purposes of the additional captured tax capacity resulting from the reduction in the subdistrict's or site's original tax capacity.

(b) The terms defined in section 469.174 have the meanings given in that section.

(c) "Qualified manufacturing district" means an economic development district that qualifies under section 469.176, subdivision 4c, paragraph (a), without regard to clauses (2) and (4), for which certification was requested after June 30, 1991, located in a home rule charter or statutory city that (1) has a population under 10,000 according to the last federal census and (2) is wholly located outside of a metropolitan statistical area as determined by the United States Office of Management and Budget.

Sec. 2. Minnesota Statutes 1990, section 273.1399, subdivision 3, is amended to read:

Subd. 3. [CALCULATION OF EDUCATION AIDS.] For each school district containing qualifying captured tax capacity, the commissioner of education shall compute a hypothetical state aid amount that would be paid to the school district if the qualifying captured tax capacity were divided by the sales ratio and included in the school district's adjusted tax capacity for purposes of calculating equalized levies as defined in section 273.1398, subdivision 2a, and associated state aids. The commissioner of education shall notify the commissioner of revenue of the difference between the actual aid

paid and the hypothetical aid amounts calculated for each school district, broken down by the municipality that approved the tax increment financing district containing the qualifying captured tax capacity. The resulting amount is the reduction in state tax increment financing aid.

Sec. 3. Minnesota Statutes 1990, section 469.012, subdivision 8, is amended to read:

Subd. 8. [INTEREST REDUCTION PROGRAM; LIMITATIONS.] In developing the interest reduction program authorized by subdivision 7 the authority shall consider:

(1) the availability and affordability of other governmental programs;

(2) the availability and affordability of private market financing; and

(3) the need for additional affordable mortgage credit to encourage the construction and enable the purchase of housing units within the jurisdiction of the authority.

The authority shall adopt rules for the interest reduction program. Interest reduction assistance shall not be provided if the authority determines that financing for the purchase of a housing unit or for the construction or rehabilitation of housing units is otherwise available from private lenders upon terms and conditions that are affordable by the applicant, as provided by the authority in its rules.

For the purposes of this subdivision an "assisted housing unit" is a housing unit which is rented or to be rented and which is a part of a rental housing development where the financing for the rental housing development is assisted with interest reduction assistance provided by the authority during the calendar year. If interest reduction assistance is provided for construction period interest for a rental housing development, the housing units in the housing development shall be considered assisted housing units for a period after occupancy of the housing units which is equal to the period during which interest reduction assistance is provided to assist the construction financing of the rental housing development. In any calendar year when an authority provides interest reduction assistance for assisted housing units (1) at least 20 percent of the total assisted housing units within the jurisdiction of the authority shall be held available for rental to families or individuals with an adjusted gross income which is equal to or less than 80 percent of the median family income, and (2) at least an additional 55 percent of the total assisted housing units within the jurisdiction of the authority shall be held available for rental to individuals or families with an annual adjusted gross income which is equal to or less than

66 times 120 percent of the monthly fair market rent for the unit established by the United States Department of Housing and Urban Development. At least 80 percent of the aggregate dollar amount of funds appropriated by an authority within any calendar year to provide interest reduction assistance for financing of construction, rehabilitation, or purchase of single family housing, as that term is defined in section 462C.02, subdivision 4, shall be appropriated for housing units that are to be sold to or occupied by families or individuals with an adjusted gross income which is equal to or less than 110 percent of median family income. For the purposes of this subdivision, "median family income" means the median family income established by the United States Department of Housing and Urban Development for the nonmetropolitan county or the standard metropolitan statistical area, as the case may be. The adjusted gross income ~~may~~ must be adjusted by the authority for family size. The limitations imposed upon assisted housing units by this subdivision do not apply to interest reduction assistance for a rental housing development located in a targeted area as defined in section 462C.02. An authority that establishes a program pursuant to this subdivision shall by January 2 each year report to the commissioner of trade and economic development a description of the program established and a description of the recipients of interest reduction assistance.

Sec. 4. Minnesota Statutes 1990, section 469.176, subdivision 1, is amended to read:

Subdivision 1. [DURATION OF TAX INCREMENT FINANCING DISTRICTS.] (a) Subject to the limitations contained in paragraphs (b) to (g), any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as the bonds continue to be outstanding. The municipality may, at the time of approval of the initial tax increment financing plan, provide for a shorter maximum duration limit than specified in paragraphs (b) to (g). The specified limit applies in place of the otherwise applicable limit.

(b) The tax increment pledged to the payment of the bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to the maturity or redemption date.

(c) For bonds issued pursuant to section 469.178, subdivisions 2 and 3, the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full.

(d) No tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original net tax capacity of the taxable real property in the district by the county auditor ~~or after August 1, 1982, for tax increment financing districts authorized prior to August 1, 1979~~, unless within the three-year period (1) bonds have been issued in aid of the project containing the district pursuant to section 469.178, or ~~in aid of a project pursuant to~~ any other law, except revenue bonds issued pursuant to sections 469.152 to 469.165, ~~prior to August 1, 1979,~~ or (2) the authority has acquired property within the district, or (3) the authority has constructed or caused to be constructed public improvements within the district.

(e) No tax increment shall in any event be paid to the authority (1) after 25 years from date of receipt by the authority of the first tax increment for a mined underground space development district, redevelopment district, or housing district, (2) after 15 years after receipt by the authority of the first increment for a renewal and renovation district, (3) after 12 years from approval of the tax increment financing plan for a soils condition district, and (4) after eight years from the date of the receipt, or ten years from approval of the tax increment financing plan, whichever is less, for an economic development district.

For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after April 1, 2001, or the term of a nondefeased bond or obligation outstanding on April 1, 1990, secured by increments from the district or project area, whichever time is greater, provided that in no case will a tax increment be paid to an authority after August 1, 2009, from such a district. If a district's termination date is extended beyond April 1, 2001, because bonds were outstanding on April 1, 1990, with maturities extending beyond April 1, 2001, the following restrictions apply. No increment collected from the district may be expended after April 1, 2001, except to pay or defease (i) bonds issued before April 1, 1990, or (ii) bonds issued to refund the principal of the outstanding bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded.

(f) Modification of a tax increment financing plan pursuant to section 469.175, subdivision 4, shall not extend the durational limitations of this subdivision.

(g) If a parcel of a district is part of a designated hazardous substance site or a hazardous substance subdistrict, tax increment may be paid to the authority from the parcel for longer than the period otherwise provided by this subdivision. The extended period for collection of tax increment begins on the date of receipt of the first tax increment from the parcel that is more than any tax increment received from the parcel before the date of the certifica-

tion under section ~~469.175~~ 469.174, subdivision 7, paragraph (b), and received after the date of certification to the county auditor described in section ~~469.175~~ 469.174, subdivision 7, paragraph (b). The extended period for collection of tax increment is the lesser of: (1) 25 years from the date of commencement of the extended period; or (2) the period necessary to recover the costs of removal actions or remedial actions specified in a development response action plan.

(h) If a parcel located in the district has delinquent property taxes when the district terminates under the duration limits under this subdivision, the payment of the parcel's delinquent taxes made after decertification of the district are tax increments to the extent the nonpayment of property taxes caused the outstanding bonds or contractual obligations pledged to be paid by the district to be paid by sources other than tax increments or to go unpaid. The county auditor shall pay the appropriate amount to the district. The authority shall provide the county auditor with information regarding the payment of outstanding bonds or contractual obligations and any other information necessary to administer the payment, as requested by the county auditor.

Sec. 5. Minnesota Statutes 1990, section 469.1763, subdivision 1, is amended to read:

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

(b) "Activities" means acquisition of property, clearing of land, site preparation, soils correction, removal of hazardous waste or pollution, installation of utilities, construction of public or private improvements, and other similar activities, but only to the extent that tax increment revenues may be spent for such purposes under other law. ~~Activities do not include allocated administrative expenses, but do include engineering, architectural, and similar costs of the improvements in the district.~~

(c) "Third party" means an entity other than (1) the person receiving the benefit of assistance financed with tax increments, or (2) the municipality or the development authority or other person substantially under the control of the municipality.

Sec. 6. Minnesota Statutes 1990, section 469.1763, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURES OUTSIDE DISTRICT.] (a) For each tax increment financing district, an amount equal to at least 75 percent of the revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of

the revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are for activities outside of the district.

Sec. 7. Minnesota Statutes 1990, section 469.1763, subdivision 3, is amended to read:

Subd. 3. [FIVE-YEAR RULE.] (a) Revenues derived from tax increments are considered to have been expended on an activity within the district under subdivision 2 only if one of the following occurs:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification ~~and~~, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation; or

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs.

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if ~~one of two tests is met: (1) the proceeds of~~ the

original refunded bonds ~~were spent on activities within five years after the district was certified or (2) the original refunded bonds are issued within five years after the district was certified and the proceeds are expended on activities within a reasonable temporary period within the meaning of the use of that term under section 148(e)(1) of the Internal Revenue Code~~ meet the requirements of paragraph (a), clause (2).

Sec. 8. Minnesota Statutes 1990, section 469.1763, subdivision 4, is amended to read:

Subd. 4. [USE OF REVENUES FOR DECERTIFICATION.] (a) Beginning with the sixth year following certification of the district, 75 percent of the revenues derived from tax increments paid by properties in the district that remain after the expenditures permitted under subdivision 3 must be used only to pay:

(1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b) ~~or~~;

(2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4); or

(3) credit enhanced bonds to which the revenues derived from tax increments are pledged, but only to the extent that revenues of the district for which the credit enhanced bonds were issued are insufficient to pay the bonds and to the extent that the increments from the unrestricted 25 percent share are insufficient.

(b) When the outstanding bonds have been defeased and when sufficient money has been set aside to pay contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and (4), the district must be decertified and the pledge of tax increment discharged.

Sec. 9. Minnesota Statutes 1990, section 469.1763, is amended by adding a subdivision to read:

Subd. 5. [CREDIT ENHANCED BONDS.] Except as otherwise provided in this section, revenues derived from tax increments may be used to pay debt service on credit enhanced bonds issued to finance activities outside of the district from which the revenues are derived, regardless of when the district is created. For purposes of this subdivision, "district" includes a project area for which certification to collect increments was made before August 1, 1979.

Sec. 10. Minnesota Statutes 1990, section 469.177, subdivision 1, is amended to read:

Subdivision 1. [ORIGINAL NET TAX CAPACITY.] (a) Upon or

after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4.

(b) In the case of a mined underground space development district the county auditor shall certify the original net tax capacity as zero, plus the net tax capacity, if any, previously assigned to any subsurface area included in the mined underground space development district pursuant to section 272.04.

(c) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

(d) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable ~~shall be equal to~~ equals the net tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements ~~thereof shall be equal to~~ equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(e) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the net tax capacity of a property increases because the property no longer qualifies under the Minnesota agricultural property tax law, section

273.111; the Minnesota open space property tax law, section 273.112; or the metropolitan agricultural preserves act, chapter 473H, or because platted, unimproved property is improved or three years pass after approval of the plat under section 273.11, subdivision 1, the increase in net tax capacity must be added to the original net tax capacity.

(f) Each year the auditor shall also add to the original net tax capacity of each economic development district an amount equal to the original net tax capacity for the preceding year multiplied by the average percentage increase in the ~~net tax capacity~~ market value of all property included in the economic development district during the five years prior to certification of the district.

(g) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

Sec. 11. Minnesota Statutes 1990, section 469.177, subdivision 8, is amended to read:

Subd. 8. [ASSESSMENT AGREEMENTS.] An authority may enter into a written assessment agreement ~~in recordable form~~ with ~~a developer or redeveloper of property within the tax increment financing district which establishes~~ any person establishing a minimum market value of ~~the~~ land ~~and completed~~, existing improvements, or improvements to be constructed ~~thereon until a specified termination date, which date shall be not later than the date upon which tax increment will no longer be remitted to the authority pursuant to section 469.176, subdivision 1~~ in a district, if the property is owned or will be owned by the person. The minimum market value established by an assessment agreement may be fixed, or increase or decrease in later years from the initial minimum market value. An assessment agreement terminates on the earliest of the date on which conditions in the assessment agreement for termination are satisfied, the termination date specified in the

agreement, or the date when tax increment is no longer paid to the authority under section 469.176, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district and the property that is the subject of the agreement is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon the agreement:

> The undersigned assessor, being legally responsible for the assessment of the above described property ~~upon completion of the improvements to be constructed thereon, hereby~~ certifies that the market ~~value~~ values assigned to the land and improvements ~~upon completion shall not be less than $.....~~ are reasonable.

~~Upon transfer of title of the land to be developed or redeveloped from the authority to the developer or redeveloper,~~ The assessment agreement~~, together with a copy of this subdivision,~~ shall be filed for record and recorded in the office of the county recorder or ~~filed in the office of~~ the registrar of titles of ~~the~~ each county where the real estate or any part thereof is situated. ~~Upon completion of the improvements by the developer or redeveloper,~~ The assessor shall value the property ~~pursuant to~~ under section 273.11, except that the market value assigned ~~thereto~~ shall not be less than the minimum market value ~~contained in~~ established by the assessment agreement. ~~Nothing herein shall limit the discretion of~~ The assessor ~~to~~ may assign a market value to the property in excess of the minimum market value ~~contained in~~ established by the assessment agreement ~~nor prohibit.~~ The ~~developer or redeveloper from seeking~~ owner of the property may seek, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes~~; provided, however, that the developer or redeveloper shall not seek, nor shall the~~, but no city assessor, ~~the~~ county assessor, ~~the~~ county auditor, ~~any~~ board of review, ~~any~~ board of equalization, ~~the~~ commissioner of revenue, or ~~any~~ court of this state shall grant a reduction of the market value below the minimum market value ~~contained in~~ established by the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction, or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording ~~or filing of~~ an assessment agreement ~~complying with the terms of this subdivision shall constitute~~ constitutes notice of the agreement to ~~any subsequent purchaser or encumbrancer of the land or any part thereof, whether voluntary or involuntary~~ anyone who acquires any interest in the land or improvements that is

subject to the assessment agreement, and ~~shall be~~ the agreement is binding upon them.

Sec. 12. Minnesota Statutes 1990, section 469.1771, subdivision 2, is amended to read:

Subd. 2. [COLLECTION OF INCREMENT.] If an authority includes or retains a parcel of property in a tax increment financing district that does not qualify for inclusion or retention within the district, the authority must pay to the county auditor an amount of money equal to the increment collected from the property for the year or years. The property must be eliminated from the original and captured tax capacity of the district effective for the current property tax assessment year. This subdivision does not apply to a failure to decertify a district ~~required by~~ at the end of the duration ~~limits under section 469.176, subdivision 1~~ limit specified in the tax increment financing plan.

Sec. 13. Minnesota Statutes 1990, section 469.1771, subdivision 4, is amended to read:

Subd. 4. [LIMITATIONS.] (a) If the increments are pledged to repay bonds that were issued before the lawsuit was filed under this section, the damages under this section may not exceed the ~~greatest~~ greater of (1) ~~the damages under subdivision 2 or 3,~~ ~~(2)~~ ten percent of the expenditures or revenues derived from increment, or ~~(3)~~ (2) the amount of available revenues after paying debt services due on the bonds.

(b) The court may abate all or part of the amount if it determines the action was taken in good faith and would work an undue hardship on the municipality.

Sec. 14. Minnesota Statutes 1990, section 469.179, is amended by adding a subdivision to read:

Subd. 3. [ACT AMENDMENTS; EFFECTIVE DATE PRESUMPTIONS.] (a) This subdivision establishes presumptions as to the effective dates of acts amending sections 469.174 to 469.178. These rules supplement the rules under section 645.02. The rules in paragraphs (b) and (c) apply unless the act specifies a different intent as to the time of its application.

(b) If the act is effective on a date either specified by the act itself or under section 645.02, the act is effective for districts for which requests for certification are made after the specified date.

(c) If the act is effective for districts for which requests for certification are made after a specified date either under paragraph (b) or the terms of the act, the following rules apply:

(1) in the case of a district where the first request for certification is made after the specified date, the act applies in full and to the entire area of the district; and

(2) in the case of a district where the first request for certification was made on or before the specified date, the act applies only to the area of the district added by tax increment financing plan amendments for which certification is requested after the specified date.

Sec. 15. Laws 1989, First Special Session chapter 1, article 14, section 16, is amended to read:

Sec. 16. [MOORHEAD TAX INCREMENT FINANCING.]

In the case of a tax increment financing district in the city of Moorhead created prior to August 1, 1979, and used to finance a hotel, parking facility, and conference project, the date "April 1, ~~1992~~ 1994" must be substituted for "April 1, 1990" in Minnesota Statutes, section 469.176, subdivision 1, paragraph (e), each place it occurs.

Sec. 16. [FERGUS FALLS TAX INCREMENT FINANCING.]

Notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 1, to the contrary, the net tax capacity of a tax increment financing district in the city of Fergus Falls shall be increased as a result of tax exempt property becoming taxable only by the tax capacity of the parcel at the time of its certification as part of the district, if:

(1) the property was acquired for private development;

(2) development of the property was substantially completed by April 1, 1991; and

(3) the property became taxable no later than 15 months after substantial completion of the development.

To determine the tax capacity at the time of certification, the county auditor shall use the market value assigned under Minnesota Statutes, section 273.18, and the class rates in effect at the time the property is added to the district's original net tax capacity.

Sec. 17. [EFFECTIVE DATE.]

Sections 1, 2, 9, and 14 are effective the day following final enactment. Section 3 is effective for interest reduction assistance authorized after July 1, 1991. Section 4, paragraph (h), is effective for delinquent property taxes paid after April 1, 1991. Section 4, paragraph (d), is effective for districts for which certification is requested after June 30, 1991. Sections 4, paragraph (g), 5, 6, 7, and

8 are effective for districts for which certification was requested after April 30, 1990. Sections 10 and 11 are effective the day following final enactment and apply to all tax increment financing districts regardless of when certification was requested. Sections 12 and 13 are effective for violations occurring after December 31, 1990. Section 15 is effective the day after compliance with Minnesota Statutes, section 645.021, by the governing body of the city of Moorhead. Section 16 is effective the day after compliance with Minnesota Statutes, section 645.021, by the governing body of the city of Fergus Falls.

ARTICLE 10

MINING TAXES

Section 1. Minnesota Statutes 1990, section 289A.01, is amended to read:

289A.01 [APPLICATION OF CHAPTER.]

This chapter applies to taxes administered by or paid to the commissioner under chapters 290, 290A, 291, and 297A, and sections 298.01 and 298.015.

Sec. 2. Minnesota Statutes 1990, section 289A.02, is amended by adding a subdivision to read:

Subd. 6. [MINING COMPANY.] "Mining company" means a person engaged in the business of mining or producing ores in Minnesota subject to the taxes imposed by section 298.01 or 298.015.

Sec. 3. Minnesota Statutes 1990, section 289A.08, is amended by adding a subdivision to read:

Subd. 15. [MINING COMPANIES.] A mining company must file an annual return signed by a person designated by the mining company.

Sec. 4. Minnesota Statutes 1990, section 289A.18, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES; PARTNERSHIP AND S CORPORATION RETURNS; INFORMATION RETURNS; MINING COMPANY RETURNS.] The returns required to be made under sections 289A.08 and 289A.12 must be filed at the following times:

(1) returns made on the basis of the calendar year must be filed on April 15 following the close of the calendar year, except that returns

of corporations must be filed on March 15 following the close of the calendar year;

(2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth month following the close of the fiscal year, except that returns of corporations must be filed on the 15th day of the third month following the close of the fiscal year;

(3) returns for a fractional part of a year must be filed on the 15th 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 the returns of corporations must be filed on the 15th 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;

(4) in the case of a final return of a decedent for a fractional part of a year, the return must be filed on the 15th day of the fourth month following the close of the 12-month period that began with the first day of that fractional part of a year;

(5) in the case of the return of a cooperative association, returns must be filed on or before the 15th day of the ninth month following the close of the taxable year;

(6) 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; ~~and~~

(7) returns of entertainment entities must be filed on April 15 following the close of the calendar year; and

(8) returns of mining companies must be filed on May 1 following the close of the calendar year.

Sec. 5. Minnesota Statutes 1990, section 289A.19, subdivision 2, is amended to read:

Subd. 2. [CORPORATE FRANCHISE AND MINING COMPANY TAXES.] The commissioner may grant an extension of up to seven months for filing the return of a corporation subject to tax under chapter 290 or a mining company if:

(1) the corporation or mining company files a tentative return when the regularly required return is due;

(2) the corporation or mining company pays the tax on the basis of the tentative return and 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 or mining company's regularly required return;

(3) the balance due shown on the regularly required return is paid on or before the extended due date of the return; 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. 6. Minnesota Statutes 1990, section 289A.20, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, MINING COMPANY, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES.] (a) Individual income, fiduciary, mining company, and corporate franchise taxes must be paid to the commissioner on or before the date the return must be filed under section 289A.18, subdivision 1, or the extended due date as provided in section 289A.19, unless an earlier date for payment is provided.

Notwithstanding any other law, a taxpayer whose unpaid liability for income or corporate franchise taxes, as reflected upon the return, is $1 or less need not pay the tax.

(b) Entertainment taxes must be paid on or before the date the return must be filed under section 289A.18, subdivision 1.

Sec. 7. Minnesota Statutes 1990, section 289A.31, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, MINING COMPANY, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES.] (a) Individual income, fiduciary income, mining company, and corporate franchise taxes, and interest and penalties, must be paid by the taxpayer upon whom the tax is imposed, except in the following cases:

(1) The tax due from a decedent for that part of the taxable year in which the decedent died during which the decedent was alive and the taxes, interest, and penalty due for the prior years must be paid by the decedent's personal representative, if any. If there is no personal representative, the taxes, interest, and penalty must be paid by the transferees, as defined in section 289A.38, subdivision 13, to the extent they receive property from the decedent;

(2) The tax due from an infant or other incompetent person must

be paid by the person's guardian or other person authorized or permitted by law to act for the person;

(3) The tax due from the estate of a decedent must be paid by the estate's personal representative;

(4) The tax due from a trust, including those within the definition of a corporation, as defined in section 290.01, subdivision 4, must be paid by a trustee; and

(5) The tax due from a taxpayer whose business or property is in charge of a receiver, trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge of the business or property so far as the tax is due to the income from the business or property.

(b) Entertainment taxes are the joint and several liability of the entertainer and the entertainment entity. The payor is liable to the state for the payment of the tax required to be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the entertainer for the amount of the payment.

Sec. 8. Minnesota Statutes 1990, section 289A.35, is amended to read:

289A.35 [ASSESSMENTS.]

The commissioner shall make determinations, corrections, and assessments with respect to state taxes, including interest, additions to taxes, and assessable penalties. The commissioner may audit and adjust the taxpayer's computation of federal taxable income ~~to make it conform with the provisions of section 290.01, subdivisions 19 to 19g, or the,~~ items of federal tax preferences, or federal credit amounts to make them conform with the provisions of chapter 290 or section 298.01. If a taxpayer fails to file a required return, the commissioner, from information in the commissioner's possession or obtainable by the commissioner, may make a return for the taxpayer. The return will be prima facie correct and valid. If a return has been filed, the commissioner shall examine the return and make any audit or investigation that is considered necessary. The commissioner may use statistical or other sampling techniques consistent with generally accepted accounting principles in examining returns or records and making assessments.

Sec. 9. Minnesota Statutes 1990, section 289A.38, subdivision 12, is amended to read:

Subd. 12. [REQUEST FOR EARLY AUDIT FOR INDIVIDUAL INCOME, FIDUCIARY INCOME, MINING COMPANY, AND CORPORATE FRANCHISE TAXES.] (a) Tax must be assessed

within 18 months after written request for an assessment has been made in the case of income received (1) during the lifetime of a decedent, (2) by the decedent's estate during the period of administration, (3) by a trustee of a terminating trust or other fiduciary who, because of custody of assets, would be liable for the payment of tax under section 289A.31, subdivision 4, or (4) by a mining company or a corporation. A proceeding in court for the collection of the tax must begin within two years after written request for the assessment (filed after the return is made and in the form the commissioner prescribes) by the personal representative or other fiduciary representing the estate of the decedent, or by the trustee of a terminating trust or other fiduciary who, because of custody of assets, would be liable for the payment of tax under section 289A.31, subdivision 4, or by the corporation. Except as provided in section 289A.42, subdivision 1, an assessment must not be made after the expiration of 3-1/2 years after the return was filed, and an action must not be brought after the expiration of four years after the return was filed.

(b) Paragraph (a) only applies in the case of a mining company or a corporation if:

(1) the written request notifies the commissioner that the corporation contemplates dissolution at or before the expiration of the 18-month period;

(2) the dissolution is begun in good faith before the expiration of the 18-month period; and

(3) the dissolution is completed within the 18-month period.

Sec. 10. Minnesota Statutes 1990, section 289A.56, subdivision 2, is amended to read:

Subd. 2. [CORPORATE FRANCHISE, MINING COMPANY, INDIVIDUAL AND FIDUCIARY INCOME, AND ENTERTAINER TAX OVERPAYMENTS.] Interest must be paid on an overpayment refunded or credited to the taxpayer from the date of payment of the tax until the date the refund is paid or credited. For purposes of this subdivision, the prepayment of tax made by withholding of tax at the source or payment of estimated tax before the due date is considered paid on the last day prescribed by law for the payment of the tax by the taxpayer. A return filed before the due date is considered as filed on the due date.

When the amount of tax withheld at the source or paid as estimated tax or allowable as other refundable credits, or withheld from compensation of entertainers, exceeds the tax shown on the original return by $10, the amount refunded bears interest from 90 days after (1) the due date of the return of the taxpayer, or (2) the date on which the original return is filed, whichever is later, until the date the refund is paid to the taxpayer. Where the amount to be

refunded is less than $10, no interest is paid. However, to the extent that the basis for the refund is a net operating loss carryback, interest is computed only from the end of the taxable year in which the loss occurs.

Sec. 11. Minnesota Statutes 1990, section 289A.60, subdivision 4, is amended to read:

Subd. 4. [SUBSTANTIAL UNDERSTATEMENT OF LIABILITY; PENALTY.] The commissioner of revenue shall impose a penalty for substantial understatement of any tax payable to the commissioner, except a tax imposed under chapter 297A.

There must be added to the tax an amount equal to 20 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 mining company or 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 mining company or a corporation any tax not imposed by chapter 290 or section 298.01 or 298.015. 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 that is shown on the return. The amount of the understatement shall be reduced by that part of the understatement that 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 6662(d)(2)(C) of the Internal Revenue Code of 1986, as amended through December 31, 1989, 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. 12. Minnesota Statutes 1990, section 298.01, subdivision 3, is amended to read:

Subd. 3. [OCCUPATION TAX; OTHER ORES.] Every person engaged in the business of mining or producing ores in this state, except iron ore or taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided in this subdivision. The tax is determined in the same manner as the tax imposed by section

290.02, except that sections 290.05, subdivision 1, clause (a), and 290.17, subdivision 4, do not apply. 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. 13. Minnesota Statutes 1990, section 298.01, is amended by adding a subdivision to read:

Subd. 3d. [ALTERNATIVE MINIMUM TAX CREDIT.] A credit is allowed against qualified regular tax for qualified alternative minimum tax previously paid. The amount of the credit allowed under this subdivision is determined under section 290.0921, subdivision 8. For purposes of calculating this credit, the following terms have the meanings given:

(a) "Qualified alternative minimum tax" means the amount determined under subdivision 3 and section 290.0921, subdivision 1.

(b) "Qualified regular tax" means the tax imposed under subdivision 3 and section 290.06, subdivision 1.

Sec. 14. Minnesota Statutes 1990, section 298.01, subdivision 4, is amended to read:

Subd. 4. [OCCUPATION TAX; IRON ORE; TACONITE CONCENTRATES.] A person engaged in the business of mining or producing of iron ore or taconite concentrates in this state shall pay an occupation tax to the state of Minnesota. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), and 290.17, subdivision 4, do not apply. 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. 15. Minnesota Statutes 1990, section 298.01, is amended by adding a subdivision to read:

Subd. 4e. [ALTERNATIVE MINIMUM TAX CREDIT.] (a) A credit is allowed against the tax imposed by subdivision 4 for the increases in occupation taxes paid in 1988, 1989, and 1990 attributable to the alternative minimum tax imposed under section 290.092 and Minnesota Statutes 1986, section 298.40. The amount of the credit allowed under this paragraph is determined under section 290.06, subdivision 21.

(b) A credit is allowed against qualified regular tax for qualified alternative minimum tax previously paid. The amount of the credit allowed under this paragraph is determined under section 290.0921,

subdivision 8. For purposes of calculating this credit, the following terms have the meanings given:

(1) "Qualified alternative minimum tax" means the amount determined under subdivision 4d and section 290.0921, subdivision 1.

(2) "Qualified regular tax" means the tax imposed under subdivision 4 and section 290.06, subdivision 1.

Sec. 16. Minnesota Statutes 1990, section 298.015, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] A person engaged in the business of mining shall pay to the state of Minnesota for distribution as provided in section 298.018 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, clay, soil, iron ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law. ~~The tax is due by June 15 of the year succeeding the calendar year covered by the report required by section 298.05.~~

Sec. 17. Minnesota Statutes 1990, section 298.16, is amended to read:

298.16 [TAXES TO BE CREDITED TO GENERAL FUND.]

All taxes imposed ~~and collected~~ under ~~the provisions of~~ sections 298.01 ~~to 298.15 shall~~ and 298.015 must be paid into the state treasury and credited to the general fund.

Sec. 18. Minnesota Statutes 1990, section 298.21, is amended to read:

298.21 [PERSON.]

For all purposes of sections 298.01 to ~~298.16~~ 298.018, the word "person" ~~shall be construed to include~~ means individuals, ~~copartnerships~~ fiduciaries, estates, trusts, partnerships, companies, joint stock companies, corporations, and all associations~~, however and for whatever purpose organized~~.

Sec. 19. Minnesota Statutes 1990, section 298.27, is amended to read:

298.27 [COLLECTION AND PAYMENT OF TAX.]

The taxes provided by section 298.24 shall be paid directly to each eligible county and the iron range resources and rehabilitation board. The commissioner of revenue shall notify each producer of the amount to be paid each recipient prior to February 8. Every person subject to taxes imposed by section 298.24 shall file a correct report covering the preceding year. The report must contain the information required by the commissioner. The report ~~required by section 298.05~~ shall be filed on or before February 1. A remittance equal to 90 percent of the total tax required to be paid hereunder shall be paid on or before February 15. On or before February 25, the county auditor shall make distribution of the payment received by the county in the manner provided by section 298.28. The balance due shall be paid on or before April 15 following the production year, and shall be distributed by the county auditor as provided in section 298.28 by May 15. Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable rules as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such rules may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment and determination of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, but not including provisions for refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent herewith. If any person subject to section 298.24 shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon information possessed or obtained, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such person. There shall be added to the amount of tax due a penalty for failure to report on or before February 1, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person responsible for making a partial tax payment at the time and in the manner herein provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the partial tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

If any portion of the taxes provided for in section 298.24 is not paid before the fifteenth day of April of the year in which due and payable, a penalty of ten percent of such unpaid portion shall immediately accrue, and thereafter one percent per month shall be added to such tax and penalty while such tax remains unpaid.

Sec. 20. [REPEALER.]

Minnesota Statutes 1990, sections 298.05; 298.06; 298.07; 298.08; 298.09; 298.10; 298.11; 298.12; 298.13; 298.14; 298.15; 298.19; and 298.20 are repealed.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 12, 14, and 16 to 20 are effective for ores mined after December 31, 1990. Sections 13 and 15 are effective for ores mined after December 31, 1989.

ARTICLE 11

PROPERTY TAX ADMINISTRATIVE AND TECHNICAL

Section 1. Minnesota Statutes 1990, section 18.022, subdivision 2, is amended to read:

Subd. 2. [COST.] (a) To defray the cost of the activities under subdivision 1, the governing body of the political subdivision may levy a tax which, except when levied by a county, must not exceed ~~a gross local tax rate of .55 percent or a net local tax rate of .68~~ 0.01596 percent of taxable market value in any year in excess of charter ~~local tax rate~~ limitations, but not ~~in any event~~ more than 50 cents per capita, except that the levy for the grasshopper control program under sections 18.0223 to 18.0227 is not subject to the 50 cents per capita limitation. The political subdivision may make the levy, where necessary, separate from the general levy ~~and at any time of the year~~.

(b) If, because of the prevalence of Dutch elm disease, the governing body of such a political subdivision is unable to defray the cost of control activities authorized by this section within the limits set by this subdivision, the limits set by this subdivision are increased to ~~a gross local tax rate of 1.1 percent or a net local tax rate of 1.36~~ 0.03216 percent of taxable market value, but not ~~in any event~~ more than one dollar per capita.

Sec. 2. Minnesota Statutes 1990, section 270.11, subdivision 6, is amended to read:

Subd. 6. [CHANGE OF ~~NET TAX CAPACITIES~~ MARKET VALUES.] The commissioner of revenue shall raise or lower the ~~net tax capacity~~ market value of any real or personal property, including the power to raise or lower the ~~net tax capacity~~ market value of the real or personal property of any individual, copartnership, company, association, or corporation; provided, that before any such assessment against the property of any individual, copartnership, company, association, or corporation is so raised, notice of an intention to

raise such ~~net tax capacity~~ market value and of the time and place at which a hearing thereon will be held shall be given to such person, by mail, addressed to the person at the place of residence listed upon the assessment book, at least five days before the day of such hearing.

All relevant and material evidence concerning the ~~net tax capacity~~ market value of the real or personal property shall be submitted at the hearing, and the hearing shall not be a "contested case" within the meaning of section 14.02, subdivision 3. The person notified of the hearing, or any other person having an interest in the property, may present evidence and argument bearing upon the ~~net tax capacity~~ market value of the property.

Sec. 3. Minnesota Statutes 1990, section 270.12, subdivision 2, is amended to read:

Subd. 2. The board shall meet annually between April 15 and June 30 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 for a part of a class determined by a range of market value under clause (8), a class, or classes of the real property of any town or district in any county, or the valuation for a part of a class, a class, or classes 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 a part of a class, a class, or classes in 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 are filed in the county auditor's office under section 272.115, by November 1 of the previous year and that occurred between October 1 of the year immediately preceding the previous year and September 30 of the previous year. If the methodology is consistent with the most recent Standard on Assessment Sales Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers for adequacy of sample size, the assessment/sales ratio study must separate the values of residential property into five market value categories as follows:

(1) under $30,000 market value;

(2) $30,000 to under $68,000 market value;

(3) $68,000 to under $110,000 market value;

(4) $110,000 to under $175,000 market value; and

(5) $175,000 or greater market value.

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; and

(9) The board shall receive from each county the estimated market

values on the assessment date falling within the study period for all parcels by magnetic tape or other medium as prescribed by the commissioner of revenue.

Sec. 4. Minnesota Statutes 1990, section 270.12, is amended by adding a subdivision to read:

Subd. 5. [EQUALIZATION ORDERS.] The board of equalization may, pursuant to its responsibilities under subdivisions 2 and 3, issue orders to ensure that the results of local and county boards of equalization are consistent with the objective of state equalization. The board may issue, at its discretion, a supplemental order to amend, supersede, or correct a prior order of the board or an order of a local or county board. The supplemental order must be issued within 60 days of the order to be changed. The board may issue to a local or county board of equalization, within ten business days of the receipt of minutes of a local or county board of equalization, an order explaining the action that the state board believes will be necessary to effect the objective of state equalization.

Sec. 5. Minnesota Statutes 1990, section 272.02, subdivision 4, is amended to read:

Subd. 4. [CONVERSION TO EXEMPT OR TAXABLE USES.] (a) Any property exempt from taxation on January 2 of any year which, due to sale or other reason, loses its exemption prior to ~~December 20~~ July 1 of any year, shall be placed on the current assessment rolls for that year.

The valuation shall be determined with respect to its value on January 2 of such year. The classification shall be based upon the use to which the property was put by the purchaser, or in the event the purchaser has not utilized the property by ~~December 20~~ July 1, the intended use of the property, determined by the county assessor, based upon all relevant facts.

(b) Property subject to tax on January 2 that is acquired by a governmental entity, church, or educational institution before ~~August~~ July 1 of the year is exempt for that assessment year if (1) the property is to be used for an exempt purpose under subdivision 1, clauses (1) to (7), and (2) the property is not subject to the filing requirement under section 272.025.

Sec. 6. Minnesota Statutes 1990, section 272.025, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 1, clauses (1) to (7), (10), (11), (13), (15), (16), and (18), except churches and houses of worship and property

solely used for educational purposes by academies, colleges, universities or seminaries of learning and property owned by the state of Minnesota or any political subdivision thereof, shall file a statement of exemption with the assessor of the assessment district in which the property is located~~, or~~. In the case of a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 1, clause (9), the taxpayer shall file a statement of exemption with the commissioner or revenue, on or before February 15 of each year for which the taxpayer claims an exemption. In case of sickness, absence or other disability or for good cause, the assessor may extend the time for filing the statement of exemption for a period not to exceed 60 days. The commissioner of revenue shall prescribe the form and contents of the statement of exemption.

Sec. 7. Minnesota Statutes 1990, section 272.31, is amended to read:

272.31 [LIEN OF REAL ESTATE TAXES.]

The taxes assessed upon real property shall be a perpetual lien thereon, and on all structures and standing timber thereon and on all minerals therein, from ~~and including January 2 in~~ the year in which ~~they are levied, until they are paid; but,~~ the property is assessed. As between grantor and grantee, such lien shall not attach until the first Monday of January of the year next thereafter.

Sec. 8. Minnesota Statutes 1990, section 272.67, subdivision 6, is amended to read:

Subd. 6. A certified copy of every ordinance, amendment, and order adopted or entered ~~pursuant to~~ under this section shall be filed with the county auditor before it becomes effective. For the purposes of taxation, if the ordinance, amendment, or order is certified on or before August 1 of a levy year, it may be implemented that same levy year. If the ordinance, amendment, or order is certified after August 1 of a levy year, it may not be implemented until the following levy year. The amount of taxes levied each year by each city shall be certified to the county auditor in the manner now or hereafter provided by law. Taxes levied for payment of bonds and judgments and interest thereon shall continue to be spread upon all taxable property within the boundaries of the city in proportion to the ~~gross~~ net tax capacity thereof. The remaining amount of the taxes levied each year shall be allocated by the county auditor to the urban service district and the rural service district in amounts proportionate to the current benefit ratio times the current ratio between the market values of all taxable property within the urban service district and all taxable property within the rural service district. Within each district, the amount so allocated shall be spread upon all taxable property in proportion to the net tax capacity thereof.

Sec. 9. Minnesota Statutes 1990, section 273.111, subdivision 6, is amended to read:

Subd. 6. Real property shall be considered to be in agricultural use provided that annually: (1) at least 33 1/3 percent of the total family income of the owner is derived therefrom, or the total production income including rental from the property is $300 plus $10 per tillable acre; and (2) it is devoted to the production for sale of ~~livestock, dairy animals, dairy products, poultry and poultry products, fur bearing animals, horticultural and nursery stock which is under sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees and apiary products by the owner, slough, wasteland, and woodland contiguous to or surrounded by land described in subdivision 3 shall be considered to be in agricultural use if under the same ownership and management~~ agricultural products as defined in section 273.13, subdivision 23, paragraph (e).

Sec. 10. Minnesota Statutes 1990, section 273.124, subdivision 13, is amended to read:

Subd. 13. [SOCIAL SECURITY NUMBER REQUIRED FOR HOMESTEAD APPLICATION.] Every property owner applying for homestead classification must furnish to the county assessor that owner's social security number. If the social security number is not provided, the county assessor shall classify the property as nonhomestead. The social security numbers of the property owners are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue.

At the request of the commissioner, each county must give the commissioner a list that includes the name and social security number of each property owner applying for homestead classification.

If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, ~~the homestead credit under section 273.1398 for taxes payable in 1990 and thereafter,~~ the taconite homestead credit under section 273.135, and the supplemental homestead credit~~, and the tax reduction resulting from the agricultural credit under section 273.1398 for taxes payable in 1990 and thereafter~~ under section 273.1391. The county auditor shall send a notice to the owners of the

affected property, demanding reimbursement of the homestead benefits plus a penalty equal to ~~25~~ 50 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county.

If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount to the succeeding year's tax list to be collected as part of the property taxes.

Any amount of homestead benefits recovered from the property owner must be transmitted to the commissioner by the end of each calendar quarter. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The amount of penalty collected must be deposited in the county general fund.

The commissioner will provide suggested homestead applications to each county. If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 11. Minnesota Statutes 1990, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. If the market value of the house, garage, and surrounding one acre of land is less than $110,000, the value of the remaining land including improvements equal to the difference between $110,000 and the market value of the house, garage, and surrounding one acre of land has a net class rate of .45 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over $110,000 of market value that does not exceed 320 acres has a net class rate of 1.3 percent of market value for taxes payable in 1990 and thereafter, and a gross class rate of 2.25 percent of market value. The remaining property over the $110,000 market value in excess of 320 acres has a class rate of 1.7 percent of market value for taxes payable in 1990, and 1.6 percent of market value for taxes payable in 1991, and thereafter, and a gross class rate of 2.25 percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; and (2) real estate that is nonhomestead agricultural land. Class 2b property has a net class rate of 1.7 percent of market value for taxes payable in 1990, and 1.6 percent of market value for taxes payable in 1991, and thereafter, and a gross class rate of 2.25 percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land, and land included in state or federal farm programs. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products~~, and includes the commercial boarding of horses if the commercial boarding of horses is done in conjunction with the raising or cultivation of agricultural products~~.

(d) Real estate of less than ten acres used principally for raising ~~poultry, livestock, fruit, vegetables or other agricultural products, including the breeding of fish for sale and consumption if the fish breeding occurs on land zoned for~~ or cultivating agricultural ~~use~~ products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

(e) The term "agricultural products" as used in ~~the preceding sentence means any of the products identified in section 273.111,~~ this subdivision ~~6, clause (2)~~ includes:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1); and

(4) property used for equestrian activities excluding racing which is owned and operated by nonprofit organizations.

~~(c)~~ (f) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 12. Minnesota Statutes 1990, section 273.1398, subdivision 6, is amended to read:

Subd. 6. [PAYMENT.] The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before December 1, 1989, and October 1 thereafter of the year preceding the distribution year to the county auditor of the affected local government ~~and pay them~~. The aids provided in subdivisions 2, 2b, 3, and 5 must be paid to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions, except that the first one-half payment of disparity reduction aid provided in subdivision 3 must be paid on or before August 31. The disparity reduction credit provided in subdivision 4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3. Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax.

Sec. 13. Minnesota Statutes 1990, section 276.041, is amended to read:

276.041 [FILING TO RECEIVE NOTICE OF DELINQUENT TAXES.]

Fee owners, vendees, mortgagees, lienholders, escrow agents, and lessees of real property may file their names and current mailing addresses with the county auditor in the county where the land is located for the purpose of receiving notices affecting the land that are issued under sections 276.04, 281.23, and 279.091. A person filing shall pay a filing fee of $15 to the county auditor for each parcel. The filing expires after three years. The county auditor shall give a copy of the list of names and addresses to the county treasurer. Taxpayers of record with the county auditor and mortgagees who remit taxes on their behalf shall receive tax statements and other notices and are not required to file and pay fees under this section.

Sec. 14. Minnesota Statutes 1990, section 277.01, is amended to read:

277.01 [WHEN TAX IS DELINQUENT; PENALTY.]

Subdivision 1. Except as provided in this subdivision and subdivision 3, all unpaid personal property taxes shall be deemed delinquent on May 16 next after they become due or 21 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 and be charged upon all such taxes. In the case of unpaid personal property taxes due and owing under section 272.01, subdivision 2, or 273.19, the first half shall become delinquent if not paid before May 16 or 21 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 the unpaid first half; and the second half shall become delinquent if not paid before October 16, and thereupon a penalty of eight percent shall attach on the unpaid second half. This section shall not apply to ~~class 2a~~ property taxed under section 274.19, subdivision 8, paragraph (c).

A county may provide by resolution that in the case of a property owner that has multiple personal property tax statements with the aggregate taxes exceeding $50, payments may be made in installments as provided in this subdivision.

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.

Subd. 3. [IMPROVEMENTS TO REAL PROPERTY.] Personal property taxes assessed upon improvements made to real property taxed under section 272.01, subdivision 2, or 273.19, if unpaid, become delinquent on May 16 or 21 days after the postmark date on

the envelope containing the property tax statement, whichever is later. If the tax against the improvements exceeds $50, one-half may be paid before May 16 and the remaining one-half must be paid at any time before the following October 16, without penalty. Section 279.01, subdivision 1, otherwise governs imposition of penalties.

Sec. 15. Minnesota Statutes 1990, section 278.01, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving ~~two copies~~ one copy of a petition for such determination upon the county auditor, one copy on the county attorney, ~~and~~ one copy on the county treasurer, and three copies on the county assessor. In counties where the office of county treasurer has been combined with the office of county auditor, the petitioner must serve the number of copies required by the county. The petitioner must file the copies with proof of service, in the office of the court administrator of the district court before the 16th day of May of the year in which the tax becomes payable. The county ~~auditor~~ assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be ~~sent~~ forwarded by the assessor to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to May 16 of the year in which the taxes are payable.

Sec. 16. Minnesota Statutes 1990, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The penalty shall be at a rate of three percent on homestead property and seven percent on nonhomestead property. This penalty shall not accrue

until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, 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, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, 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 first day of each month, up to and including October 1 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed $50, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; 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 first day of November and December 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 first day of November and December 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 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, 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.

This section applies to payment of personal property taxes assessed against improvements to leased property, except as provided by section 277.01, subdivision 3.

A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding $50, payments may be made in installments as provided in this subdivision.

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. 17. Minnesota Statutes 1990, section 279.01, subdivision 2, is amended to read:

Subd. 2. ~~In the case of any tax on class 1b, 2a, and 1a homestead property paid within 30 days after the due date specified in this section or after the 30-day extension as specified in subdivision 3,~~ The county board may, with the concurrence of the county treasurer, delegate to the county treasurer the power to abate the penalty provided for late payment of taxes in the current year. Notwithstanding section 270.07, if any county board so elects, the county treasurer may abate the penalty on finding that the imposition of the penalty would be unjust and unreasonable.

Sec. 18. Minnesota Statutes 1990, section 279.06, is amended to read:

279.06 [COPY OF LIST AND NOTICE.]

Subdivision 1. [LIST AND NOTICE.] Within five days after the filing of such list, the court administrator shall return a copy thereof to the county auditor, with a notice prepared and signed by the court administrator, and attached thereto, which may be substantially in the following form:

State of Minnesota)

) ss.

County of .....)

District Court

..... Judicial District.

The state of Minnesota, to all persons, companies, or corporations who have or claim any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of land described in the list hereto attached:

The list of taxes and penalties on real property for the county of ..... remaining delinquent on the first Monday in January, 19....., has been filed in the office of the court administrator

of the district court of said county, of which that hereto attached is a copy. Therefore, you, and each of you, are hereby required to file in the office of said court administrator, on or before the 20th day after the publication of this notice and list, your answer, in writing, setting forth any objection or defense you may have to the taxes, or any part thereof, upon any parcel of land described in the list, in, to, or on which you have or claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will be entered against such parcel of land for the taxes on such list appearing against it, and for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to the state of Minnesota on the second Monday in May, 19... 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~~ subdivisions 22, paragraph (c), and 25, paragraph ~~(d)(1) or~~ (c)~~(4),~~ clause (5), 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 other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Inquiries as to the proceedings set forth above can be made to the county auditor of ..... county whose address is ..... .

(Signed) .....,

Court Administrator of the District Court of the County

of .....

(Here insert list.)

The list referred to in the notice shall be substantially in the following form:

List of real property for the county of ....., on which taxes remain delinquent on the first Monday in January, 19...:

Town of (Fairfield),
Township (40), Range (20),

Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and in Addition Those Parties Who Have Filed Their Addresses Pursuant to section 276.041	Subdivision of Section	Section	Tax Parcel Number	Total Tax and Penalty $ cts.
John Jones (825 Fremont Fairfield, MN 55000)	S.E. 1/4 of S.W. 1/4	10	23101	2.20
Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	That part of N.E. 1/4 of S.W. 1/4 desc. as follows: Beg. at the S.E. corner of said N.E. 1/4 of S.W. 1/4; thence N. along the E. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence W. parallel with the S. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence S. parallel with said E. line a distance of 600 ft. to S. line of said N.E. 1/4 of S.W. 1/4; thence E. along said S. line a distance of 600 ft. to the point of beg.	21	33211	3.15

As to platted property, the form of heading shall conform to circumstances and be substantially in the following form:

City of (Smithtown)
Brown's Addition, or Subdivision

Names (and Current Filed *Addresses)* for the Taxpayers and Fee Owners and in Addition Those Parties Who have Filed Their Addresses Pursuant to section 276.041	Lot	Block	Tax Parcel Number	Total Tax and Penalty $ cts
John Jones (825 Fremont Fairfield, MN 55000)	15	9	58243	2.20
Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	16	9	58244	3.15

The names, descriptions, and figures employed in parentheses in the above forms are merely for purposes of illustration.

The name of the town, township, range or city, and addition or subdivision, as the case may be, shall be repeated at the head of each column of the printed lists as brought forward from the preceding column.

Errors in the list shall not be deemed to be a material defect to affect the validity of the judgment and sale.

Subd. 2. [FORM OF LIST AND NOTICE.] Notwithstanding the provisions of subdivision 1, the commissioner of revenue shall prescribe the form of the list and notice required under subdivision 1. The form shall contain the information required under subdivision 1, but shall be organized and presented in a manner easily read and understood. The print must be easily read and contain standard use of capital and lower-case letters. The court administrator shall use the form prescribed by the commissioner for purposes of this section. The notices published and mailed by the county auditor must also be in the form prescribed by the commissioner.

Sec. 19. Minnesota Statutes 1990, 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~~ subdivisions 22, paragraph (c), and 25, paragraph ~~(d)(1) or~~ (c)~~(4)~~, clause (5), 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 homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is three years from the date of sale. The period of redemption for all lands located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, except homesteaded lands as defined in section 273.13, subdivision 22, and sold to the state at a tax judgment sale is 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. 20. Minnesota Statutes 1990, section 282.01, subdivision 1, is amended to read:

Subdivision 1. [CLASSIFICATION.] It is the general policy of this state to encourage the best use of tax-forfeited lands, recognizing that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. Parcels of land becoming the property of the state in trust under law declaring the forfeiture of lands to the state for taxes shall be classified by the county board of the county in which the parcels lie as conservation or nonconservation. In making the classification the board shall consider the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses and the suitability of the forest resources on the land for multiple use, sustained yield management. The classification, furthermore, must encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; facilitate reduction of governmental expenditures; conserve and develop the natural resources; and foster and develop agriculture and other industries in the districts and places best suited to them.

In making the classification the county board may use information made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing pertinent information at the time the classification is made. The lands may be reclassified from time to time as the county board may consider necessary or desirable, except for conservation lands held by the state free from any trust in favor of any taxing district.

If the lands are located within the boundaries of an organized town, with taxable valuation in excess of $20,000, or incorporated municipality, the classification or reclassification and sale must first be approved by the town board of the town or the governing body of the municipality in which the lands are located. The town board of the town or the governing body of the municipality is considered to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 90 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire any parcel lying in the town or municipality by procedures authorized in this subdivision, it must file a written application with the county board to withhold the parcel from public sale. The application must be filed within 90 days of the request for classification or reclassification and sale. The county board shall then withhold the parcel from public sale for one year. A clerical error made by county officials does not serve to eliminate the request of the town board or governing body if the board or governing body has forwarded the application to the county auditor.

Sec. 21. Minnesota Statutes 1990, section 375.192, subdivision 2, is amended to read:

Subd. 2. Upon written application by the owner of the property, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. The county board may also grant the abatement of penalties for taxes paid within 30 days of the due date, regardless of the classification of the property. The application must include the social security number of the applicant. The social security number is private data on individuals as defined by section 13.02, subdivision 12. The application must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board. If the application is for abatement of penalty or interest, the application must be approved by the county treasurer and county auditor. No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing

authority of the municipality. Before taking action on any reduction or abatement where the reduction of taxes, costs, penalties, and interest exceed $10,000, the county board shall give 20 days' notice to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction. If the school board or the municipality object to the granting of the reduction or abatement, the county board must refer the abatement or reduction to the commissioner of revenue with its recommendation. The commissioner shall consider the abatement or reduction under section 270.07, subdivision 1.

An appeal may not be taken to the tax court from any order of the county board made in the exercise of the discretionary authority granted in this section.

Sec. 22. Minnesota Statutes 1990, section 414.031, subdivision 6, is amended to read:

Subd. 6. [EFFECTIVE DATE OF ANNEXATION.] The annexation shall be effective as of the date fixed in the annexation order or on such later date as is fixed in the annexation order. A copy of the annexation order must be delivered immediately by the executive director of the Minnesota municipal board to the appropriate county auditor or auditors. For the purposes of taxation, if the annexation becomes effective on or before August 1 of a levy year, the municipality may levy on the annexed area beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the town may continue to levy on the annexed area for that levy year, and the municipality may not levy on the annexed area until the following levy year.

Sec. 23. Minnesota Statutes 1990, section 414.0325, subdivision 4, is amended to read:

Subd. 4. [EFFECTIVE DATE OF ANNEXATION.] The board's order shall be effective upon the issuance of the order or at such later time as is provided by the board in its order. A copy of the annexation order must be delivered immediately by the executive director of the Minnesota municipal board to the appropriate county auditor or auditors. For the purposes of taxation, if the annexation becomes effective on or before August 1 of a levy year, the municipality may levy on the annexed area beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the town may continue to levy on the annexed area for that levy year, and the municipality may not levy on the annexed area until the following levy year.

Sec. 24. Minnesota Statutes 1990, section 414.033, subdivision 7, is amended to read:

Subd. 7. Any annexation ordinance provided for *in this section* must be filed with the board, the township, the county auditor and the secretary of state and is final on the date the ordinance is approved by the board. A copy of the annexation ordinance must be delivered immediately by the governing body of the municipality to the appropriate county auditor or auditors. For the purposes of taxation, if the annexation becomes effective on or before August 1 of a levy year, the municipality may levy on the annexed area beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the town may continue to levy on the annexed area for that levy year, and the municipality may not levy on the annexed area until the following levy year.

Sec. 25. Minnesota Statutes 1990, section 414.06, subdivision 4, is amended to read:

Subd. 4. [EFFECTIVE DATE OF DETACHMENT.] The detachment shall be effective upon the issuance of the board's order, or at such later date, as provided by the board in its order. A copy of the detachment order must be delivered immediately by the executive director of *the Minnesota municipal* board to the appropriate county auditor or auditors. For the purposes of taxation, if the detachment becomes effective on or before August 1 of a levy year, the town or towns acquiring the detached area may levy on it beginning with that same levy year. If the detachment becomes effective after August 1 of a levy year, the municipality may continue to levy on the detached area for that levy year, and the town or towns acquiring the detached area may not levy on it until the following levy year.

Sec. 26. Minnesota Statutes 1990, section 414.061, subdivision 3, is amended to read:

Subd. 3. [EFFECTIVE DATE.] The concurrent detachment and annexation shall be effective upon the issuance of the board's order, or at such later date as provided by the board in its order. A copy of the annexation order must be delivered immediately by the executive director of the Minnesota municipal board to the appropriate county auditor or auditors. For the purposes of taxation, if the annexation becomes effective on or before August 1 of a levy year, the municipality acquiring the detached area of another municipality may levy on it beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the municipality losing the detached area may continue to levy on it for that levy year, and the municipality acquiring the detached area may not levy on it until the following levy year.

Sec. 27. Minnesota Statutes 1990, section 477A.014, subdivision 1, as amended by Laws 1991, chapter 2, article 8, section 10, is amended to read:

Subdivision 1. [CALCULATIONS AND PAYMENTS.] The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.012, 477A.013, and 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner shall notify the authorities of their aid amounts, as well as the computational factors used in making the calculations for their authority, and those statewide total figures that are pertinent, before August ~~15~~ 1 of the year preceding the aid distribution year~~, except that for aid payable in 1990 the commissioner of revenue must notify the authorities of their aid amounts as well as the computational factors used in the calculation before October 23, 1989~~. The commissioner shall reduce the July 20, 1991, payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid to counties, cities, towns, and special taxing districts by a combined amount of $50,000,000.

Sec. 28. Minnesota Statutes 1990, section 477A.014, subdivision 4, is amended to read:

Subd. 4. [COSTS BILLED TO COMMISSIONER OF REVENUE.] The commissioner of state planning shall annually bill the commissioner of revenue for one-half of the costs incurred by the state planning agency in the preparation of materials required by section 116K.04, subdivision 4, clause (10). ~~The commissioner of revenue shall deduct these amounts from the next payments to be made to appropriate local units of government. Amounts deducted must be credited to the general fund.~~ The state auditor shall annually bill the commissioner of revenue for the costs of the services provided by the government information division and the parts of the constitutional office that are related to the government information function, not to exceed $218,000. The commissioner of administration shall annually bill the commissioner of revenue for the costs of the local government records program and the intergovernmental information systems activity, not to exceed $205,800. The commissioner of employee relations shall annually bill the commissioner of revenue for the costs of administering the local government pay equity function, not to exceed $55,000.

Sec. 29. Minnesota Statutes 1990, section 477A.014, is amended by adding a subdivision to read:

Subd. 5. [DEDUCTION FROM AID PAYMENTS.] The commissioner of revenue shall deduct the amounts certified under subdivision 4 from the aid payments to be made to appropriate local units of government in the next aid payment year. Amounts deducted must be credited to the general fund.

Sec. 30. Minnesota Statutes 1990, section 515A.1-105, subdivision 1, is amended to read:

Subdivision 1. [HOMESTEAD.] (a) Each unit together with its common element interest constitutes for all purposes a separate parcel of real estate.

(b) If a declaration is recorded prior to ~~ten~~ 30 days before any installment of real estate taxes becomes payable, the local taxing authority shall split the taxes so payable on the condominium among the units. Interest and penalties which would otherwise accrue shall not begin to accrue until at least 30 days after the split is accomplished.

(c) A unit used for residential purposes together with not more than two units used for vehicular parking and their common element interests shall be treated the same as any other real estate in determining whether homestead exemptions or classifications shall apply.

Sec. 31. [REPEALER.]

Minnesota Statutes 1990, section 273.137, is repealed.

Laws 1989, chapter 277, article 4, section 2, is repealed.

Sec. 32. [EFFECTIVE DATES.]

Sections 1, 4, 10, 13, 18 to 20, and 31 are effective the day following final enactment. Sections 2, 5, 14, 16, 17, and 22 to 26 are effective for taxes levied in 1991, payable in 1992 and thereafter. Sections 3, 21, and 30 are effective July 1, 1991. Sections 6, 7, 9, and 11 are effective for taxes levied in 1992, payable in 1993 and thereafter. Sections 8 and 27 to 29 are effective for aids payable in 1992 and thereafter. Section 12 is effective for aids payable in 1991 and thereafter. Section 15 is effective for tax petitions filed for taxes payable in 1992 and thereafter.

ARTICLE 12

FIRE AID

Section 1. Minnesota Statutes 1990, 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) ~~"Net tax capacity"~~ "Market value" means latest available ~~net tax capacity~~ market 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 insurance coverages as reported in the Minnesota business schedule of the 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~~ under 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~~ under 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. 2. Minnesota Statutes 1990, section 69.011, subdivision 3, is amended to read:

Subd. 3. [FAILURE TO FILE CERTIFICATE DEEMED WAIVER.] If ~~the certificate~~ a certification required by this section is not filed with the commissioner ~~within the time prescribed by this section the municipality or nonprofit fire fighting corporation shall be deemed to have relinquished its rights for the year to the benefits under this chapter~~ by the due date prescribed by this section, the commissioner shall notify the municipality or the nonprofit fire fighting corporation that a portion or all of its current year aid will be forfeited if it is not paid within ten days. The amount of aid forfeited is equal to the amount of state police aid or state fire aid determined for the municipality or fire fighting corporation for the current year, multiplied by five percent for each week or fraction of a week that this certification is late. The penalty will be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision. All forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the certificate form cannot be used as a defense for not filing.

Sec. 3. Minnesota Statutes 1990, section 69.021, subdivision 4, is amended to read:

Subd. 4. [DETERMINATION OF QUALIFIED STATE AID RECIPIENTS; CERTIFICATION TO COMMISSIONER OF REVENUE.] The commissioner shall determine which municipalities and independent nonprofit firefighting corporations are qualified to receive fire state aid and which municipalities and counties are

qualified to receive ~~police~~ state peace officer aid. The commissioner shall determine qualification upon receipt of (1) the fire department personnel and equipment certification or the police department and qualified peace officers certificate, whichever is applicable, required ~~pursuant to~~ under section 69.011, (2) the financial compliance report required ~~pursuant to~~ under section 6.495, and (3) any other relevant information which comes to the attention of the commissioner. Upon completion of the determination, on or before September 1, the commissioner shall calculate ~~pursuant to~~ under subdivision 6 the amount of ~~fire state aid and police~~ (a) state peace officer aid which each county~~,~~ or municipality~~, or independent nonprofit firefighting corporation~~ is to receive and (b) fire state aid which each municipality or nonprofit firefighting corporation is to receive. The commissioner shall certify to the commissioner of finance the name of each county~~,~~ or municipality, and the amount of state aid which each county or municipality is to receive, in the case of state peace officer aid; and the name of each municipality or independent nonprofit firefighting corporation and the amount of state aid which each municipality or independent nonprofit firefighting corporation is to receive, in the case of fire state aid.

Sec. 4. Minnesota Statutes 1990, section 69.021, subdivision 6, is amended to read:

Subd. 6. [CALCULATION OF APPORTIONMENT OF STATE PEACE OFFICERS AID TO COUNTIES.] ~~With respect to firefighters, one-half of the state aid available shall be distributed to the counties in proportion to their population as shown by the last official statewide federal census. The remaining one-half of the state aid available shall be distributed to the counties in proportion to their net tax capacity, excluding mineral values.~~

~~In the case of incorporated or municipal fire departments furnishing fire protection to cities, towns, or townships in other counties as evidenced by valid fire service contracts filed with the commissioner and county auditor the distribution to the respective counties shall be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments.~~

The state aid available in respect to peace officers shall not exceed the amount of tax collected and shall be distributed to the counties in proportion to the total number of active peace officers, as defined in section 69.011, subdivision 1, clause (g), in each county who are employed either by municipalities maintaining police departments or by the county. Any necessary adjustments shall be made to subsequent apportionments.

Sec. 5. Minnesota Statutes 1990, section 69.021, subdivision 7, is amended to read:

Subd. 7. [APPORTIONMENT OF AID TO MUNICIPALITIES AND RELIEF ASSOCIATIONS.] (1) The commissioner shall apportion the state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed ~~pursuant to~~ under this chapter to each municipality and/or firefighters' relief association ~~in the same manner that state aid is apportioned to the counties~~, one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the ~~net tax capacity~~ market value of ~~the~~ each fire ~~towns in the county for which aid is proportioned~~ town, including the market value of tax exempt property, but excluding the market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution shall be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments.

In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the ~~net tax capacity~~ market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and ~~net tax capacity~~ market value of the area served by each fire department shall be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the ~~net tax capacity~~ market value of each service area. The agreement shall be in writing and filed with the commissioner ~~in duplicate. The commissioner shall forward one copy of the agreement to the county auditor of the county wherein the fire department is located and retain one copy~~.

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

The commissioner ~~is hereby empowered to~~ may make rules to permit the administration of the provisions of this section.

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

(a) For all municipalities maintaining police departments and the county, the state aid shall be distributed in proportion to the total

number of peace officers, as determined ~~pursuant to~~ under section 69.011, subdivision 1, clause (g), and subdivision 2, clause (b), employed by each municipality and by the county for 12 calendar months and the proportional or fractional number who were employed less than 12 months;

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

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

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

Sec. 6. Minnesota Statutes 1990, section 69.021, subdivision 8, is amended to read:

Subd. 8. [POPULATION AND ~~TAX CAPACITY~~ MARKET VALUE.] In computations requiring the use of population figures only official statewide federal census figures are to be used. Increases or decreases in population disclosed by reason of any special census shall not be taken into consideration.

In calculations requiring the use of ~~net tax capacity~~ market value figures, only the latest available ~~net tax capacity~~ market value figures are to be used.

Sec. 7. Minnesota Statutes 1990, section 69.021, subdivision 9, is amended to read:

Subd. 9. [APPEAL.] In the event that any fire or police department feels itself to be aggrieved, it may request the commissioner to review and adjust the apportionment of funds within the county in

the case of state peace officer aid, and within the state in the case of fire state aid, and the decision of the commissioner shall be subject to appeal, review, and adjustment by the district court in the county in which the fire or police department is located.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective for aids payable in 1991 and thereafter.

ARTICLE 13

DELINQUENT TAXES ON PERSONAL PROPERTY

Section 1. [277.20] [LIEN FOR PERSONAL PROPERTY TAX.]

Subdivision 1. [CREATION OF LIEN.] Except for property exempt under subdivision 3, the tax assessed on personal property or manufactured homes and collectible under this chapter is a lien on all the real and personal property within this state of the person liable for the payment of the tax. The lien arises on January 2 of the year in which the tax is assessed and continues until the tax is paid. For purposes of this section and section 277.21, "tax" also includes penalty, interest, recording fees, sheriff fees, and court costs that may accrue on the unpaid tax.

Subd. 2. [FILING OF LIEN FOR ENFORCEABILITY.] The lien imposed by subdivision 1 is not enforceable against any purchaser, mortgagee, pledgee, holder of a uniform commercial code security interest, mechanic's lienor, or judgment lien creditor until a notice of lien has been filed by the county treasurer in the office of the county recorder of the county in which the property is situated, or in the case of personal property belonging to an individual who is not a resident of this state, or that is a corporation, partnership, or other organization, in the office of the secretary of state. Priority of a lien created under this article shall be determined in accordance with the provisions of section 507.34. Liens filed in the office of the county recorder shall be filed with the state tax liens filed pursuant to section 270.69, and the index shall indicate the name of the county for which the lien was filed. If the land is registered, the notice of lien shall be filed in the office of the registrar of titles of the county in which the property is registered. Notwithstanding any other law to the contrary, the county treasurer is exempt from the payment of fees when the lien is offered for filing or recording; the fee for filing or recording the lien must be paid at the time the release of lien is offered for filing or recording. Notwithstanding any law to the contrary, the fee for filing or recording the lien or the release of lien is $15.

Subd. 3. [EXEMPT PROPERTY.] The lien imposed on personal

property by this section, even though properly filed, is not enforceable against the personal property listed as exempt in sections 550.37, 550.38, and 550.39, but manufactured homes otherwise exempt under section 550.37, subdivision 12, are subject to lien under this section.

Subd. 4. [PERIOD OF LIMITATIONS.] Notwithstanding any other law to the contrary, the lien imposed by this section is enforceable from the time the lien arises and for ten years from the date of filing the notice of lien. The notice of lien must be filed by the county treasurer within five years after the date of assessment of the tax. A notice of lien filed in one county may be transcribed to any other county within ten years after the date of its filing, but the transcription does not extend the period during which the lien is enforceable. A notice of lien may be renewed by the county treasurer before the expiration of the ten-year period for an additional ten years. The taxpayer must receive written notice of the renewal.

Subd. 5. [ENFORCEABILITY OF LIEN.] The lien imposed by this section is enforceable by levy as authorized in section 277.21, or by judgment lien foreclosure as authorized in chapter 550.

Subd. 6. [NOTICE OF MORTGAGE FORECLOSURE OR CONTRACT TERMINATION.] If a lien has been filed by the county treasurer against real property under this section, and, after the recording of the lien, a mortgage foreclosure upon the real property is commenced under chapter 580, or a termination of contract of sale of the real property is commenced under section 559.21, notice of the mortgage foreclosure or termination of contract of sale must be mailed to the county treasurer at least 25 days before the foreclosure, sale, or date of termination. Notice need not be given under this subdivision if the lien has been filed within 30 days or less before the foreclosure, sale, or date of termination. The notice must contain the following information: (1) the name and address of the taxpayer; (2) a copy of the notice of mortgage foreclosure or contract for deed cancellation; (3) a copy of the lien filed by the county treasurer; (4) the total unpaid balance of the mortgage or contract for deed; and (5) a legal description of the property. Upon a request of a party providing notice under this subdivision, the county treasurer shall send to the party within one business day of receiving the notice a receipt for the notice.

Subd. 7. [FILING ENTITLEMENT.] Execution of notices of liens or of other notices affecting personal property tax liens by the county treasurer or a delegate entitles them to be filed, and no other attestation, certification, or acknowledgment is necessary.

Subd. 8. [LIEN SEARCH FEES.] Upon request of a person, the filing officer shall issue a certificate showing whether there is on file, on the date and hour stated in the certificate, any notice of lien or certificate or notice affecting any lien filed after December 31,

1991, naming a particular person, and giving the date and hour of filing of each notice or certificate naming the person. The fee for a certificate is as provided by section 336.9-407 or 357.18, subdivision 1, clause (3). Upon request, the filing officer shall furnish a copy of any notice of lien, or notice or certificate affecting a lien, for a fee of $1 per page.

Sec. 2. [277.21] [LEVY AND DISTRAINT.]

Subdivision 1. [COLLECTION AUTHORITY OF THE COUNTY TREASURER.] If a tax assessed on personal property or manufactured homes and collectible under this chapter is not paid when due, the county treasurer shall, as soon as practicable, take action the county treasurer considers necessary and reasonable to collect the delinquent tax. By mutual agreement, the county treasurer may use the services of the district court or the central collection unit of the county to effect collection. In addition, by inclusion and not limitation, the county treasurer may request a writ of execution to enforce any tax judgment or may levy and seize property under authority granted by this section. Taxes may be collected by the county treasurer within five years after the date of assessment of the tax, or if a lien has been filed, within the period the lien is enforceable, or if the tax judgment has been filed, within the statutory period of enforcement of a valid tax judgment, by a levy upon all property and rights to property of the person liable for the payment of the tax. However, the right to levy does not extend to property that is exempt from execution under sections 550.37, 550.38, and 550.39, but manufactured homes otherwise exempt per section 550.37, subdivision 12, are subject to levy and sale under this section. The term "levy" includes the power of distraint and seizure by any means. For this purpose, the term "tax" includes penalty, interest, and costs properly payable.

Subd. 2. [NOTICE AND DEMAND; JEOPARDY COLLECTION.] Before a levy is made, notice and demand for payment of the amount due must be given to the person liable for the payment or collection of the tax at least ten days before the levy. If the county treasurer has reason to believe that collection of the tax is in jeopardy, notice and demand for immediate payment of the tax may be made by the county treasurer. If the tax is not paid, the county treasurer may proceed to collect by levy without regard to the ten-day period or the due date.

If collection of tax on personal property or manufactured homes is in jeopardy because of removal from the county or other reasons before the time that the taxes are calculated for the property for the current tax year, the county auditor shall immediately determine the amount of tax by applying the latest available levy rate and market value and shall notify the county treasurer of the amount of tax in jeopardy. The county treasurer may levy and seize the property without regard to prior notice or due date.

The notice required under this subdivision must be sent to the taxpayer's last known address and must include a brief statement that states in simple and nontechnical terms: (1) the administrative appeals available to the taxpayer with respect to the levy and sale; and (2) the alternatives available to the taxpayer that can prevent a levy, including an installment payment agreement under section 277.23.

Subd. 3. [MANNER OF EXECUTION AND SALE.] In making the execution of the levy and in collecting the taxes due, the county treasurer has all of the powers in chapter 550 and in any other law for purposes of effecting an execution against property in this state. The sale of property levied upon, and the time and manner of redemption therefrom, must be consistent with authority granted to the commissioner of revenue to collect state taxes under sections 270.70 to 270.709. The seal of the court, subscribed by the court administrator, as provided in section 550.04, is not required. The levy for collection of taxes may be made, whether or not a legal action for collection of the taxes has been commenced.

Subd. 4. [STAY OF SALE.] (a) If a jeopardy assessment or other assessment has been made, the property seized for collection of the tax may not be sold until the time has expired for filing an appeal of the assessment with the tax court under chapter 277. If an appeal has been filed, no sale may be made unless the taxes remain unpaid for a period of more than 30 days after final determination of the appeal by the tax court or by the appropriate judicial forum.

(b) Notwithstanding paragraph (a), seized property may be sold if:

(1) the taxpayer consents in writing to the sale; or

(2) the county treasurer determines that the property is perishable or may become greatly reduced in price or value by keeping, or that the property cannot be kept without great expense.

Subd. 5. [PROBATE COURT JURISDICTION.] If a levy has been made to collect taxes under this section and the property seized is properly included in a formal proceeding commenced under sections 524.3-401 to 524.3-505 and maintained under full supervision of the court, the property may not be sold until the probate proceedings are completed or until the court so orders.

Subd. 6. [BOND OR SECURITY TO RELEASE A SEIZURE.] The property seized must be returned to the owner if the owner gives a surety bond equal to the appraised value of the owner's interest in the property, or deposits with the county treasurer security in a form and amount that is necessary to ensure payment of the liability, but not more than twice the liability.

Subd. 7. [INJUNCTION.] Notwithstanding any other provision to the contrary, if a levy or sale under this section would irreparably injure rights in property that the court determines to be superior to rights of the taxing districts in the property, the district court may grant an injunction to prohibit the enforcement of the levy or to prohibit a sale.

Subd. 8. [PERSONAL LIABILITY.] A person who fails or refuses to surrender without reasonable cause any property or rights to property subject to levy, upon demand by the county treasurer, is personally liable to the treasurer in an amount equal to the value of the property or rights not so surrendered, but not exceeding the amount of taxes for the collection of which the levy has been made. Any amount recovered under this subdivision must be credited against the tax liability for the collection of which the levy was made.

Subd. 9. [PENALTY.] In addition to the personal liability imposed by subdivision 8, if a person required to surrender property or rights to property fails or refuses to surrender the property or rights to property without reasonable cause, the person is liable for a penalty equal to 25 percent of the amount recoverable under subdivision 8. No part of the penalty may be credited against the tax liability for the collection of which the levy was made.

Subd. 10. [PERSON DEFINED.] The term "person" as used in subdivision 8 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 surrender the property or rights to property or to discharge the obligation. The county attorney shall take appropriate action against any person who has failed to comply with subdivision 8 or 9.

Subd. 11. [OPTIONAL REMEDY.] An action taken by the county treasurer under this section does not constitute an election to pursue a remedy to the exclusion of any other remedy.

Subd. 12. [EQUITABLE RELIEF.] Upon the seizure of property of a person, that person may, upon giving 48-hours notice to the county treasurer and to the court, bring a claim for equitable relief before the district court for the release of the property to the taxpayer upon terms and conditions the court considers equitable.

Subd. 13. [LEVY AND SALE BY SHERIFF.] If a tax collectible under this chapter is not paid as provided in subdivision 1 or 2, the county treasurer may, within the time prescribed for collection in subdivision 1, delegate authority by issuing a warrant to the sheriff of a county in the state of Minnesota directing the sheriff as the county treasurer's agent to levy on and sell the real and personal property of the person liable for the payment of the tax and to return

the warrant and pay to the county treasurer the money collected within 120 days from the date of the warrant.

The sheriff shall proceed under authority of the warrant to levy on and seize any property and rights to property in the county belonging to the person liable for the payment of the tax, except that the right to levy and seizure does not extend to property that is exempt from execution under sections 550.37, 550.38, and 550.39, but manufactured homes otherwise exempt under section 550.37, subdivision 12, are subject to levy under this section. The sheriff shall sell so much of the property levied on as is necessary to satisfy the amount of the warrant and the sheriff's costs.

Sales procedures, and the time and manner of redemption from them, must be consistent with the procedures in sections 270.701 to 270.709 for warrants issued by the commissioner of revenue. The sale proceeds, less the sheriff's costs, must be turned over to the county treasurer who issued the warrant. The proceeds must be applied as provided in section 270.708.

Subd. 14. [PRIORITY OF LEVY.] Notwithstanding section 52.12, a levy by the county treasurer made under this section on a taxpayer's funds on deposit in a financial institution located in this state, has priority over an unexercised right of setoff of the financial institution to apply the levied funds toward the balance of an outstanding loan or loans owed by the taxpayer to the financial institution. A claim by the financial institution that it exercised its right to setoff before the levy must be substantiated by evidence of the date of the setoff, and must be verified by the sworn statement of a responsible corporate officer of the financial institution. Furthermore, for purposes of determining the priority of a levy made under this section, the levy must be treated as if it were an execution made under chapter 550.

Subd. 15. [EFFECT OF HONORING LEVY.] A person in possession of, or obligated with respect to, property or rights to property subject to levy on which a levy has been made who, upon demand by the county treasurer or agent, surrenders the property or rights to property, or pays a liability under subdivision 8, must be discharged from any obligation or liability to the person liable for the payment or collection of the delinquent tax with respect to the property or rights to property so surrendered or paid.

Subd. 16. [NOTICE OF LEVY.] Notwithstanding any other law to the contrary, the notice of a levy authorized by this section may be served by mail or by delivery by an employee or agent of the county treasurer.

Sec. 3. [277.22] [ADJUSTMENT OF TAX LIABILITY.]

If the amount of tax determined under section 277.21, subdivision

2, is greater than the corrected tax computed by applying the proper value and levy rate, the excess must be refunded to the person paying the tax. If the amount paid is less, the deficiency must be collected in the same manner as other personal property taxes not collected.

Sec. 4. [277.23] [CONFESSION OF JUDGMENT FOR HOMESTEAD.]

Subdivision 1. [PROCEDURE.] The owner or another person having an interest in a manufactured home classified and taxed as a homestead may confess judgment and pay the delinquent personal property tax on the manufactured home in installments in the general manner provided in section 279.37 for real property tax. The provisions of section 279.37 apply to these confessions of judgment and installment payments, except as otherwise provided in this section. A down payment must be tendered of 20 percent of the amount of taxes, costs, penalty, and interest accrued to the date of tender. The balance of the judgment must be paid in four equal annual installments, plus interest on the unpaid balance as provided in this chapter.

The confession of judgment must be substantially in the following form:

"To the court administrator of the district court of ..... county:

Name of taxpayer: .....

Location of manufactured home (county): .....

Description of property: .....

Tax Year (start with the most recent tax year in which you owe taxes)	Amount due (total of delinquent taxes, costs, interest, and penalty)
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

I am the owner of the manufactured home described above.

I offer to confess judgment on the following amount of the delinquent taxes on the property named above:

Amount to be paid: $.....

I direct the court to enter judgment for that amount.

I waive all irregularities in the tax proceedings affecting these taxes, and I waive any defense or objection I may have to them.

I agree to pay 20 percent of the total amount now.

Amount paid now: $.....

I agree to pay the balance of the amount in four equal annual installments. I agree to pay each installment on or before December 31 of each year after the year in which I file this form.

I agree to pay interest as provided in Minnesota Statutes, chapter 277. I agree that the interest is payable annually on the installments remaining unpaid.

I agree to pay current taxes each year before they become delinquent, unless I contest the taxes under Minnesota Statutes, chapter 277. If I do contest them, I agree to pay the amount decided by the tax court within 30 days after the court enters its final judgment in the proceedings.

Date: .....

Signature of taxpayer: ....."

Upon receipt of the signed confession of judgment and the required payment, the county treasurer shall file the confession of judgment with the court administrator of the district court. When entered by the court administrator, the judgment has the same force and effect of other civil judgments in personam.

Subd. 2. [BILLING.] The county treasurer shall give notice by *mail* before December 1 of each year to the person making a confession of judgment at the address given in it of the payment due under the confession on the following December 31. If the county treasurer has not received the installment payment by December 31, the treasurer shall give notice by certified mail at the last known address of the person making the confession of judgment, without regard to the county or state of the person's residency. This notice must state that the property is subject to levy and sale if payment is not made for the preceding December 31 within 60 days. Failure to send or receive the notice does not postpone any payment or excuse any default under the confession of judgment. Proof of mailing must be made by the certificate of the county treasurer filed in the treasurer's office.

Subd. 3. [FEES.] The party making a confession of judgment shall pay the county treasurer a fee as set by the county board to defray the costs of processing the confession of judgment and making the

annual billings required. Fees as set by the county board must be paid to the court administrator of the court for entry of judgment and for the entry of each full or partial release of the confession of judgment. Fees must be credited to the general revenue fund of the county.

Sec. 5. [277.24] [UNCOLLECTED TAXES.]

If at any time in the collection proceedings the county treasurer is satisfied that the tax cannot be collected for any reason or finds that the collection costs are excessive in comparison to the amount of tax involved, the treasurer may cancel the taxes due. A list of canceled taxes must be kept by the treasurer for a period of six years. The list must identify the taxpayer, the amount of uncollectible liability, and the reason for uncollectibility.

Sec. 6. [REPEALER.]

Minnesota Statutes 1990, sections 272.50; 272.51; 272.52; 272.53; 277.02; 277.05; 277.06; 277.07; 277.08; 277.09; 277.10; 277.11; 277.12; and 277.13, are repealed.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective January 1, 1992.

ARTICLE 14

COLLECTIONS

Section 1. Minnesota Statutes 1990, section 270.274, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATIVE REVIEW.] Within five days after a jeopardy assessment or jeopardy collection is made to assess or collect a tax administered by the commissioner of revenue, the commissioner shall provide the taxpayer with a written statement of the information relied on in making the assessment or levy. Within 30 days after the written statement is provided or, if not provided, within 35 days after the assessment or levy, the taxpayer may request the commissioner to review the action taken. After a request for review, the commissioner shall determine whether the assessment or levy is reasonable and whether the amount assessed or demanded as a result of the action is appropriate under the circumstances.

Sec. 2. Minnesota Statutes 1990, section 270.66, subdivision 3, is amended to read:

Subd. 3. [AGENCIES SHALL MAINTAIN RECORDS.] Notwith-

standing any provision to the contrary, every person, organization, or corporation doing business (hereafter called vendor) with the state of Minnesota or any of its departments, agencies, or educational institutions including the University of Minnesota (all hereafter called agency) shall provide that agency with either their social security number, federal taxpayer identification number, or Minnesota tax identification number. The agency shall maintain records of this information, and shall make these records available, on request, to the commissioner for the sole purpose of identifying people who have not filed state tax returns or who have not paid uncontested state tax liabilities (hereafter called delinquent taxpayer). When an agency is notified by the commissioner that a vendor is a delinquent taxpayer, payments shall not be made by the agency to the vendor until the commissioner notifies the agency that the vendor no longer is a delinquent taxpayer. Furthermore, if the vendor has an uncontested delinquent tax liability, the setoff provided in subdivision 1 may be implemented. The commissioner shall determine that a vendor no longer is a delinquent taxpayer when the vendor has filed all delinquent state tax returns, paid all uncontested state tax liabilities or entered into an agreement with the commissioner which provides for the payment of these liabilities.

Sec. 3. Minnesota Statutes 1990, section 270.68, subdivision 1, is amended to read:

Subdivision 1. [LEGAL ACTION.] In addition to all other methods authorized by law for the collection of tax, if any tax payable to the commissioner of revenue or to the department of revenue, including penalties and interest thereon, is not paid within 60 days after it is required by law to be paid, the commissioner of revenue may proceed under this subdivision. Within five years after the date of assessment of the tax, or, if the action is to renew or enforce a judgment, at any time before the judgment's expiration, the commissioner may bring an action at law against the person liable for the payment or collection of the tax, in the name of the state, for the recovery of the tax and interest and penalties due in respect thereof. The action shall be brought in the district court of the judicial district in which lies the county of the residence or principal place of business within this state of the taxpayer, or, in the case of an estate or trust, of the place of its principal administration, and for this purpose the place named as such in the return, if any, made by the taxpayer shall be conclusive against the taxpayer in this matter. If no place is named in the return, the action may be commenced in Ramsey county. The action shall be commenced by filing with the court administrator a statement showing the name and address of the taxpayer, if known, an itemized summary of the taxable periods and the type of tax, the tax due and unpaid and the interest and penalties due with respect thereto under the provisions of law applicable to the tax, and shall contain a prayer that the court adjudge the taxpayer to be indebted on account of the taxes, interest, and penalties in the amount specified in the statement; a copy of the statement shall be furnished

to the court administrator therewith. The court administrator shall mail a copy of the statement by certified mail to the taxpayer at the address given in the return, if any; and to the taxpayer's last known address, within five days after the same is filed, except that, if the taxpayer's address is not known, notice shall be made by posting a copy of the statement for ten days in the place in the courthouse where public notices are regularly posted. To litigate the claim, or any part of it, the taxpayer shall serve an answer upon the commissioner on or before the 20th day after the date of mailing the statement; or, if notice has been given by posting, on or before the 20th day after the expiration of the period during which the notice was required to be posted. If no answer is served within the specified time, the court administrator, upon the filing of an affidavit of default, shall enter judgment for the state in the amount prayed for, plus costs of $10. If an answer is filed, the issues raised shall stand for trial as soon as possible after the filing of the answer, and the court shall determine the issues and direct judgment accordingly; and, if the taxes, interest, or penalties are sustained to any extent over the amount rendered by the taxpayer, shall assess $10 costs against the taxpayer. The court shall disregard all technicalities and matters of form not affecting the substantial merits. The commissioner may call upon the county attorney or the attorney general to conduct the proceedings on behalf of the state. If a proceeding is referred to a county attorney, and the county attorney fails to issue or cause to be issued an indictment or criminal complaint within 30 days after the referral by the commissioner, the attorney general may conduct the proceeding. Execution shall be issued upon the judgment at the request of the commissioner, and the execution shall, in all other respects, be governed by the laws applicable to executions issued on judgments. Only the homestead and household goods of the judgment debtor shall be exempt from seizure and sale upon the execution.

In addition to the procedure in this subdivision, legal action may be commenced by the commissioner in district court in the same manner or venue as any other civil action.

Sec. 4. Minnesota Statutes 1990, section 270.69, is amended by adding a subdivision to read:

Subd. 13. [FORTY-FIVE DAY RULE.] A notice of tax lien filed under this section has priority over a security interest arising under article 9 of the Uniform Commercial Code, codified as sections 336.9-101 to 336.9-508, that is perfected before the date of filing of the lien imposed by this section, but only if:

(1) the perfected security interest secures property acquired by the taxpayer or advances made by the secured party after the notice of tax lien is filed; and

(2) the property is acquired or the advance is made after the 45th

day following the day on which the notice of tax lien is filed, or after the secured party has actual notice or knowledge of the tax lien filing, whichever is earlier.

Sec. 5. Minnesota Statutes 1990, section 270.70, subdivision 10, is amended to read:

Subd. 10. [PERSON DEFINED.] The term "person" as used in subdivision 8 includes an officer or employee of a corporation or a member or employee of a partnership who, as such officer, employee or member is under a duty to surrender the property or rights to property or to discharge the obligation. The personal liability imposed by subdivision 8 and the penalty imposed by subdivision 9 may, after demand to honor a levy has been made, be assessed by the commissioner within 60 days after service of the ~~levy~~ demand. An assessing tax order 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. 6. Minnesota Statutes 1990, section 270.75, subdivision 4, is amended to read:

Subd. 4. There shall be added to the amount of any underpayment of estimated income tax, computed pursuant to chapter ~~290~~ 289A, an amount in lieu of interest. The amount in lieu of interest for that taxable year shall be the amount determined in subdivision 5 for January 1 on which begins the taxable year or precedes the beginning of the taxable year. The amount in lieu of interest does not bear interest after the due date of the return for that taxable year.

Sec. 7. Minnesota Statutes 1990, section 289A.37, subdivision 1, is amended to read:

Subdivision 1. [ORDER OF ASSESSMENT; NOTICE AND DEMAND TO TAXPAYER.] (a) When a return has been filed and the commissioner determines that the tax disclosed by the return is different than the tax determined by the examination, the commissioner shall send an order of assessment to the taxpayer. When no return has been filed, the commissioner may make a return for the taxpayer under section 289A.35 or may send an order of assessment under this subdivision. The order must explain the basis for the assessment and must explain the taxpayer's appeal rights. An order of assessment is final when made but may be reconsidered by the commissioner under section 289A.65.

(b) An amount of unpaid tax shown on the order must be paid to the commissioner: (1) within 60 days after notice of the amount and demand for its payment have been mailed to the taxpayer by the

commissioner; or (2) if an administrative appeal is filed under section 289A.65, within 60 days following the determination of the appeal.

Sec. 8. Minnesota Statutes 1990, section 289A.42, subdivision 1, is amended to read:

Subdivision 1. [EXTENSION AGREEMENT.] If before the expiration of time prescribed in sections 289A.38 and 289A.40 for the assessment of tax or the filing of a claim for refund, both the commissioner and the taxpayer have consented in writing to the assessment or filing of a claim for refund after that time, the tax may be assessed or the claim for refund filed at any time before the expiration of the agreed upon period. The period may be extended by later agreements in writing before the expiration of the period previously agreed upon. The taxpayer and the commissioner may also agree to extend the period for collection of the tax.

Sec. 9. Minnesota Statutes 1990, section 289A.60, is amended by adding a subdivision to read:

Subd. 20. [PENALTY FOR PROMOTING ABUSIVE TAX SHELTERS.] Any person who:

(1)(i) organizes or assists in the organization of a partnership or other entity, an investment plan or arrangement, or any other plan or arrangement, or (ii) participates in the sale of any interest in an entity or plan or arrangement referred to in clause (i); and

(2) makes or furnishes in connection with the organization or sale a statement with respect to the allowability of a deduction or credit, the excludability of income, or the securing of any other tax benefit by reason of holding an interest in the entity or participating in the plan or arrangement that the person knows or has reason to know is false or fraudulent concerning any material matter, shall pay a penalty equal to the greater of $1,000 or 20 percent of the gross income derived or to be derived by the person from the activity.

The penalty imposed by this subdivision is in addition to any other penalty provided by this section. The penalty must be collected in the same manner as any delinquent income tax. In a proceeding involving the issue of whether or not any person is liable for this penalty, the burden of proof is upon the commissioner.

Sec. 10. Minnesota Statutes 1990, section 290.92, is amended by adding a subdivision to read:

Subd. 6b. [JEOPARDY ASSESSMENTS.] The commissioner, on having reason to believe that the collection of the tax under this section, section 290.923, or chapter 289A will be jeopardized by

delay, may immediately assess the tax, whether or not the time prescribed by law for making and filing the return and paying the tax has expired.

Sec. 11. [REPEALER.]

Minnesota Statutes 1990, sections 290.48, subdivisions 5 and 8; and 297A.39, subdivision 9, are repealed.

Sec. 12. [EFFECTIVE DATES.]

Sections 1, 2, 5, 6 to 9, and 11 are effective the day following final enactment.

Sections 3 and 10 are effective on the effective date of Laws 1990, chapter 480, article 1, section 45, in order that repealed provisions authorizing ordinary civil actions for the collection of taxes and jeopardy withholding tax assessments are replaced, with no lapse in time during which the repealed provisions and these sections are enforceable.

Section 4 is effective for liens filed on or after July 1, 1991.

ARTICLE 15

ELECTRONIC FUNDS TRANSFERS

Section 1. Minnesota Statutes 1990, section 115B.24, subdivision 2, is amended to read:

Subd. 2. [DECLARATIONS OF ESTIMATED TAX.] For 1983, every generator of hazardous waste required to pay a tax pursuant to section 115B.22 shall make a declaration of estimated hazardous waste generated for the last six months of calendar year 1983 if the tax can reasonably be estimated to exceed $500. The declaration of the estimated tax shall be filed by October 15, 1983. The amount of estimated tax with respect to which a declaration is required shall be paid in two equal installments by October 15, 1983 and January 15, 1984. For 1984 and subsequent years, every generator of hazardous waste required to pay a tax pursuant to section 115B.22 shall make a declaration of estimated hazardous waste generated for the calendar year if the tax can reasonably be expected to be in excess of $1,000. The declaration of estimated tax shall be filed by March 15. The amount of estimated tax with respect to which a declaration is required shall be paid in four equal installments on or before the 15th day of March, June, September, and December.

An amendment of a declaration may be filed in any interval between installment dates prescribed above but only one amendment may be filed in each interval. If an amendment of a declaration

is filed, the amount of each remaining installment shall be the amount which would have been payable if the new estimate had been made when the first estimate for the calendar year was made, increased or decreased, as the case may be, by the amount computed by dividing

(1) the difference between (A) the amount of estimated tax required to be paid before the date on which the amendment was made, and (B) the amount of estimated tax which would have been required to be paid before that date if the new estimate had been made when the first estimate was made, by

(2) the number of installments remaining to be paid on or after the date on which the amendment is made.

The commissioner of revenue may grant a reasonable extension of time for filing any declaration but the extension shall not be for more than six months.

If the aggregate amount of estimated tax payments made during a fiscal year ending June 30 is equal to or exceeds $80,000, all estimated tax payments in the subsequent calendar year must be paid by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the estimated tax payment is due. If the date the estimated tax payment is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the estimated tax payment is due.

Sec. 2. Minnesota Statutes 1990, section 289A.20, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES.] (a) Individual income, fiduciary, and corporate franchise taxes must be paid to the commissioner on or before the date the return must be filed under section 289A.18, subdivision 1, or the extended due date as provided in section 289A.19, unless an earlier date for payment is provided.

Notwithstanding any other law, a taxpayer whose unpaid liability for income or corporate franchise taxes, as reflected upon the return, is $1 or less need not pay the tax.

A corporation required to make estimated tax payments by means of an electronic funds transfer must also make the payment with the return in accordance with section 289A.26, subdivision 2a.

(b) Entertainment taxes must be paid on or before the date the return must be filed under section 289A.18, subdivision 1.

Sec. 3. Minnesota Statutes 1990, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.

(b)(1) Unless clause (2) applies, 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 section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, exceeds $500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month. (2) 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 290.92, subdivision 2a or 3, or 290.923, 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 clause, 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 part of a calendar month following the 25th day of the month.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commis-

sioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds $240,000, the employer must remit each required deposit in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the deposit is due. If the date the deposit is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the deposit is due.

Sec. 4. Minnesota Statutes 1990, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred or following another reporting period as the commissioner prescribes.

(b) A vendor having a liability of $1,500 or more in May of a year must remit the June liability in the following manner:

(1) On or before June 20 of the year, the vendor must remit the actual May liability and one-half of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) When a retailer located outside of a city that imposes a local sales and use tax collects use tax to be remitted to that city, the retailer is not required to remit the tax until the amount collected reaches $10.

(d) A vendor having a liability of $240,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the

payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 5. Minnesota Statutes 1990, section 289A.26, is amended by adding a subdivision to read:

Subd. 2a. [ELECTRONIC FUNDS TRANSFER PAYMENTS.] If the aggregate amount of estimated tax payments made during a calendar year is equal to or exceeds $80,000, all estimated tax payments in the subsequent calendar year must be paid by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the estimated tax payment is due. If the date the estimated tax payment is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the estimated tax payment is due.

Sec. 6. Minnesota Statutes 1990, section 296.14, subdivision 1, is amended to read:

Subdivision 1. [CONTENTS; PAYMENT OF TAX; SHRINKAGE ALLOWANCE.] On or before the 23rd day of each month, every person who is required to pay gasoline tax or inspection fee on petroleum products and every distributor shall file in the office of the commissioner at St. Paul, Minnesota, a report in a manner approved by the commissioner showing the number of gallons of petroleum products received by the reporter during the preceding calendar month, and such other information as the commissioner may require. The number of gallons of gasoline shall be reported in United States standard liquid gallons (231 cubic inches), except that the commissioner may upon written application therefor and for cause shown permit the distributor to report the number of gallons of such gasoline as corrected to a 60 degree Fahrenheit temperature. If such application is granted, all gasoline covered in such application and as allowed by the commissioner must continue to be reported by the distributor on the adjusted basis for a period of one year from the date of the granting of the application. The number of gallons of petroleum products other than gasoline shall be reported as originally invoiced.

Each report shall show separately the number of gallons of aviation gasoline received by the reporter during such calendar month.

Each report shall be accompanied by remittance covering inspection fees on petroleum products and gasoline tax on gasoline received by the reporter during the preceding month; provided that in computing such tax a deduction of three percent of the quantity of gasoline received by a distributor shall be made for evaporation and

loss; provided further that at the time of remittance the distributor shall submit satisfactory evidence that one-third of such three percent deduction shall have been credited or paid to dealers on quantities sold to them. The report and remittance shall be deemed to have been filed as herein required if postmarked on or before the 23rd day of the month in which payable.

Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

If the aggregate remittances made during a fiscal year ending June 30 equal or exceed $240,000, all remittances in the subsequent calendar year must be made by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the remittance is due. If the date the remittance is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the remittance is due.

Sec. 7. Minnesota Statutes 1990, section 297.03, subdivision 6, is amended to read:

Subd. 6. [TAX METER MACHINES; STAMPING MACHINES.] (a) Before July 1, 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.

(b) After June 30, 1990, 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. 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. A distributor having a liability of $240,000 or more during a fiscal year ending June 30 must remit all liabilities purchased on a credit basis in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause

(4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(c) If the commissioner finds that a stamping machine is not 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.

(d) The commissioner shall annually establish the maximum amount of heat applied stamps that may be purchased each month. Notwithstanding any other provisions of this chapter, the tax due on the return will be based upon actual heat applied stamps purchased during the reporting period.

Sec. 8. Minnesota Statutes 1990, section 297.35, subdivision 1, is amended to read:

Subdivision 1. On or before the 18th 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 1.5 percent of such liability as compensation to reimburse the distributor for expenses incurred in the administration of sections 297.31 to 297.39.

A distributor having a liability of $240,000 or more during a calendar year must remit all liabilities in the subsequent fiscal year ending June 30 by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 9. Minnesota Statutes 1990, 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 liable for the tax on or before the 18th 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 18th day of the month following first sale in this state by a licensed manufacturer or wholesaler a return in the form prescribed by the commissioner, and must keep records and render reports required by the commissioner. 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.

A person liable for an excise tax of $240,000 or more during a fiscal year ending June 30 must remit all excise tax liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the excise tax is due. If the date the excise tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the excise tax is due.

Sec. 10. Minnesota Statutes 1990, section 297C.04, is amended to read:

297C.04 [PAYMENT OF TAX; MALT LIQUOR.]

The commissioner may by rule provide a reporting method for paying and collecting the excise tax on fermented malt beverages. The tax is imposed upon the first sale or importation made in this state by a licensed brewer or importer. The rules must require reports to be filed with and the excise tax to be paid to the commissioner on or before the 18th 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.

A distributor who has title to or possession of fermented malt beverages upon which the excise tax has not been paid and who knows that the tax has not been paid, shall file a return with the commissioner on or before the 18th day of the month following the month in which the distributor obtains title or possession of the fermented malt beverages. The return must be made on a form furnished and prescribed by the commissioner, and must contain all information that the commissioner requires. The return must be accompanied by a remittance for the full unpaid liability shown on it.

A licensed brewer, importer, or distributor having an excise tax

liability of $240,000 or more during a fiscal year ending June 30 must remit all excise tax liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the excise tax is due. If the date the excise tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the excise tax is due.

Sec. 11. Minnesota Statutes 1990, section 349.212, subdivision 4, is amended to read:

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) There is imposed a tax on the sale of each deal of pull-tabs and tipboards sold by a licensed distributor. The rate of the tax is two percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A 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 and tipboards are delivered by the distributor to the customer, to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

(1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;

(2) sales to distributors licensed under this chapter;

(3) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province; and

(4) sales of promotional tickets as defined in section 349.12.

(c) Pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.214, subdivision 2, paragraph (b), are exempt from the tax imposed by this subdivision. A distributor must require an organization conducting exempt gambling to show proof of its

exempt status before making a tax-exempt sale of pull-tabs or tipboards to such an organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

(d) A distributor having a liability of $240,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 12. Minnesota Statutes 1990, section 473.843, subdivision 3, is amended to read:

Subd. 3. [PAYMENT OF FEE.] On or before the 20th day of each month each operator shall pay the fee due under this section for the previous month, using a form provided by the commissioner of revenue.

An operator having a fee of $240,000 or more during a fiscal year ending June 30 must pay all fees in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the fee is due. If the date the fee is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the fee is due.

Sec. 13. [EFFECTIVE DATE.]

Sections 1 to 12 are effective for payments due in the calendar year beginning January 1, 1992, based upon payments made in the fiscal year ending June 30, 1991.

ARTICLE 16

UNIFORM RECORDING OF STATE AND FEDERAL TAX LIENS

Section 1. Minnesota Statutes 1990, section 268.161, subdivision 1, is amended to read:

Subdivision 1. [LIEN.] (a) Any contributions, benefit overpayments, or reimbursements due under this chapter and interest and penalties imposed with respect thereto, shall become a lien upon all

the property, within this state, both real and personal, of the person liable therefor, from the date of assessment of the contribution, benefit overpayment, or reimbursement. The term "date of assessment" means the date a report was due or the payment due date of the notice of benefits charged to a reimbursable account.

(b)(1) The lien imposed by this section is not enforceable against any purchaser, mortgagee, pledgee, holder of a uniform commercial code security interest, mechanic's lien, or judgment lien creditor, until a notice of lien has been filed by the commissioner in the office of the county recorder of the county in which the property is situated, or in the case of personal property belonging to an individual who is not a resident of the state, or which is a corporation, partnership, or other organization, in the office of the secretary of state. When the filing of the notice of lien is made in the office of the county recorder, the fee for filing and indexing shall be as prescribed in sections 272.483 and 272.484.

(2) Notices of liens, lien renewals, and lien releases, in a form prescribed by the commissioner of jobs and training, may be filed with the county recorder or the secretary of state by mail, personal delivery, or by electronic transmission by the commissioner or a delegate into the computerized filing system of the secretary of state authorized under section 336.9-411. If received through the computerized filing system, the secretary of state shall transmit the notice electronically to the office of the county recorder, if that is the place of filing, in the county or counties shown on the computer entry. The filing officer, whether the county recorder or the secretary of state, shall endorse and index a printout of the notice in the same manner as if the notice had been mailed or delivered.

(3) County recorders and the secretary of state shall enter information relative to lien notices, renewals, and releases filed in their offices into the central data base of the secretary of state. For notices filed electronically with the county recorders, the date and time of receipt of the notice and county recorder's file number, and for notices filed electronically with the secretary of state, the secretary of state's recording information, must be entered by the filing officer into the central data base before the close of the working day following the day of the original data entry by the department of jobs and training.

(c) The lien imposed on personal property by this section, even though properly filed, is not enforceable against a purchaser with respect to tangible personal property purchased at retail or as against the personal property listed as exempt in sections 550.37, 550.38 and 550.39.

(d) A notice of tax lien filed pursuant to this section has priority over any security interest arising under chapter 336, article 9, which

is perfected prior in time to the lien imposed by this section, but only if:

(1) the perfected security interest secures property not in existence at the time the notice of tax lien is filed; and

(2) the property comes into existence after the 45th day following the day on which the notice of tax lien is filed, or after the secured party has actual notice or knowledge of the tax lien filing, whichever is earlier.

(e) The lien imposed by this section shall be enforceable from the time the lien arises and for ten years from the date of filing the notice of lien. A notice of lien may be renewed by the commissioner before the expiration of the ten-year period for an additional ten years. The delinquent employer must receive notice of the renewal.

(f) The lien imposed by this section shall be enforceable by levy as authorized in subdivision 8 or by judgment lien foreclosure as authorized in chapter 550.

Sec. 2. Minnesota Statutes 1990, section 270.69, subdivision 2, is amended to read:

Subd. 2. [FILING OF LIENS NECESSARY FOR ENFORCEABILITY AGAINST CERTAIN PERSONS; METHODS OF FILING; FEES.] (a) The lien imposed by subdivision 1 is not enforceable against any purchaser, mortgagee, pledgee, holder of a uniform commercial code security interest, mechanic's lienor, or judgment lien creditor whose interest has been duly perfected or is entitled to protection under applicable provisions of state law, until a notice of lien has been filed by the commissioner of revenue in the office of the county recorder of the county in which real property is situated, or in the case of personal property belonging to an individual who is not a resident of this state or to a corporation, partnership, or other organization, in the office of the secretary of state, or in the case of personal property belonging to a resident individual, in the office of the county recorder of the county of residence of the individual. ~~Notwithstanding any other law to the contrary, the department of revenue is exempt from the payment of fees at the time the lien is offered for filing or recording. The fee for filing or recording the lien must be paid at the time the release of lien is offered for filing or recording. Notwithstanding any law to the contrary, the fee for filing or recording the lien or the release of lien is $15.~~

(b)(1) Notices of liens, and lien releases, transcriptions, and renewals, in a form prescribed by the commissioner of revenue, may be filed with the county recorder or the secretary of state by mail, personal delivery, or by electronic transmission by the commissioner or a delegate into the computerized filing system of the secretary of state authorized under section 336.9-411. If received

through the computerized filing system, the secretary of state shall transmit the notice electronically to the office of the county recorder, if that is the place of filing, in the county or counties shown on the computer entry. The filing officer, whether the county recorder or the secretary of state, shall endorse and index a printout of the notice in the same manner as if the notice had been mailed or delivered.

(2) County recorders and the secretary of state shall enter information relative to lien notices, transcriptions, renewals, and releases filed in their offices into the central data base of the secretary of state. For notices filed electronically with the county recorders, the date and time of receipt of the notice and county recorder's file number, and for notices filed electronically with the secretary of state, the secretary of state's recording information, must be entered by the filing officer into the central data base before the close of the working day following the day of the original data entry by the department of revenue.

The filing and indexing of all notices must be in accordance with the filing and indexing of notices of federal liens, certificates of release, and refiled notices under section 272.483.

(c) Notwithstanding any other law to the contrary, the department of revenue is exempt from payment of fees when a lien, lien renewal, or lien transcription is offered for recording. The recording fees must be paid along with the release fee for the month in which the release of lien is recorded, after receipt of a monthly statement from a county recorder or the secretary of state. The department of revenue shall add the recording fees to the delinquent tax liability of the taxpayer. Notwithstanding any other law to the contrary, the fee for filing or recording a notice of lien, or lien release, transcription, or renewal is $15.

(d) There is appropriated to the commissioner of revenue an amount representing the cost of payment of recording fees to the county recorders and the secretary of state. The commissioner shall keep a separate accounting of the costs and of payments for recording fees remitted by taxpayers, and make the records available to the legislature upon request.

Sec. 3. Minnesota Statutes 1990, section 270.69, subdivision 8, is amended to read:

Subd. 8. [FILING ENTITLEMENT.] Execution of notices of liens or of other notices affecting state tax liens by the original or facsimile signature of the commissioner of revenue or a delegate entitles them to be filed, and no other attestation, certification, or acknowledgment is necessary. For purposes of this subdivision, transmission of notices under subdivision 2, paragraph (b), clause (1), constitutes execution.

Sec. 4. Minnesota Statutes 1990, section 270.69, subdivision 9, is amended to read:

Subd. 9. [LIEN SEARCH FEES.] Upon request of any person, the filing officer shall issue a certificate showing whether there is ~~on file~~ recorded in that filing office, on the date and hour stated in the certificate, any notice of lien or certificate or notice affecting any lien filed on or after ~~June 30, 1979~~ ten years before the date of the search certificate, naming a particular person, and giving the date and hour of filing of each notice or certificate naming the person. The fee for a certificate shall be as provided by section 336.9-407 or 357.18, subdivision 1, clause (3). Upon request, the filing officer shall furnish a copy of any notice of state lien, or notice or certificate affecting a state lien, for a fee of 50 cents per page.

Sec. 5. Minnesota Statutes 1990, section 272.479, is amended to read:

272.479 [SCOPE.]

This section and sections 272.481 to ~~272.487~~ 272.488 apply only to federal tax liens and to other federal liens notices of which under any act of Congress or any regulation adopted pursuant thereto are required or permitted to be filed in the same manner as notices of federal tax liens.

Sec. 6. Minnesota Statutes 1990, section 272.482, is amended to read:

272.482 [EXECUTION OF NOTICES AND CERTIFICATES.]

~~Certification~~ Execution of notices of liens, certificates, or other notices affecting federal liens by the secretary of the treasury of the United States or a delegate, or by any official or entity of the United States responsible for filing or certifying of notice of any other lien, entitles them to be filed and no other attestation, certification, or acknowledgment is necessary. For purposes of this section, transmission of notices under section 272.488, subdivision 1, constitutes execution.

Sec. 7. Minnesota Statutes 1990, section 272.483, is amended to read:

272.483 [DUTIES OF FILING OFFICER.]

(a) If a notice of federal lien, a refiling of a notice of federal lien, or a notice of revocation of any certificate described in clause (b) is presented to a filing officer who is:

(1) the secretary of state, the secretary shall cause the notice to be

marked, held, and indexed ~~in accordance with the provisions of section 336.9-403, clause (4) of the uniform commercial code as if the notice were a financing statement within the meaning of that code~~ alphabetically and numerically; or

(2) any other officer described in section 272.481, the officer shall endorse identification thereon and the date and time of receipt and forthwith file it alphabetically or enter it in an alphabetical index showing the name and address of the person named in the notice, the date and time of receipt, the file number of the lien, and the total amount appearing on the notice of lien.

(b) If a certificate of release, nonattachment, discharge, or subordination of any lien is presented to the secretary of state for filing the secretary shall:

(1) cause a certificate of release or nonattachment to be marked, held, and indexed as if the certificate were a termination statement within the meaning of the uniform commercial code, but the notice of lien to which the certificate relates may not be removed from the files until ten years and 30 days after the filing date of the lien; and

(2) cause a certificate of discharge or subordination to be marked, held, and indexed as if the certificate were a release of collateral within the meaning of the uniform commercial code.

(c) If a refiled notice of federal lien referred to in clause (a) or any of the certificates or notices referred to in clause (b) is presented for filing to any other filing officer specified in section 272.481, the officer shall permanently attach the refiled notice or the certificate to the original notice of lien and enter the refiled notice or the certificate with the date of filing in any alphabetical lien index on the line where the original notice of lien is entered.

(d) Upon request of any person, the filing officer shall issue a certificate showing whether there is ~~on file~~ recorded in that filing office, on the date and hour stated therein, any notice of lien or certificate or notice affecting any lien filed on or after ~~July 1, 1971~~ ten years and 30 days before the date of the search certificate, naming a particular person, and if a notice or certificate is on file, giving the date and hour of filing of each notice or certificate. The fee for a certificate shall be that provided by section 336.9-407 or 357.18, subdivision 1, clause (3). Upon request, the filing officer shall furnish a copy of any notice of federal lien, or notice or certificate affecting a federal lien, for a fee of 50 cents per page.

Sec. 8. Minnesota Statutes 1990, section 272.485, is amended to read:

272.485 [UNIFORMITY OF APPLICATION AND CONSTRUCTION.]

Sections 272.481 to ~~272.487~~ 272.488 shall be so applied and construed as to effectuate its general purpose to make uniform the law with respect to the subject of sections 272.481 to 272.487 among those states which enact it.

Sec. 9. Minnesota Statutes 1990, section 272.486, is amended to read:

272.486 [SHORT TITLE.]

Section 272.479 and sections 272.481 to ~~272.487~~ 272.488 may be cited as the Uniform Federal Lien Registration Act.

Sec. 10. [272.488] [COMPUTERIZED FILING OF TAX LIENS AND NOTICES.]

Subdivision 1. [FILING OF NOTICES.] Notices of federal tax liens, certificates, or revocations of certificates of release of federal tax liens, and refiled notices of any of those items, in a form prescribed by the Internal Revenue Service, may be filed with the county recorder or the secretary of state by mail, personal delivery, or by electronic transmission by the Secretary of the Treasury of the United States or a delegate into the computerized filing system of the secretary of state authorized under section 336.9-411. If received through the computerized filing system, the secretary of state shall transmit the notice electronically to the office of the county recorder, if that is the place of filing, in the county or counties shown on the computer entry. The filing officer, whether the county recorder or the secretary of state, shall endorse and index a printout of the notice in the same manner as if the notice had been mailed or delivered.

Subd. 2. [ENTRY OF INFORMATION.] County recorders and the secretary of state shall enter information relative to lien notices, releases, revocations of release, and refillings of any of those items into the central data base of the secretary of state. For notices filed electronically with the county recorders, the date and time of receipt of the notice and county recorder's file number, and for notices filed electronically with the secretary of state, the secretary of state's recording information, must be entered by the filing officer into the central data base before the close of the working day following the day of the original data entry by the Internal Revenue Service.

Sec. 11. Minnesota Statutes 1990, section 336.9-411, is amended to read:

336.9-411 [COMPUTERIZED FILING SYSTEM.]

(a) The secretary of state shall develop and implement a statewide computerized filing system to accumulate and disseminate information relative to lien statements, financing statements, state and federal tax lien notices, and other uniform commercial code documents. The computerized filing system must allow information to be entered and retrieved from the computerized filing system by county recorders, the department of revenue, the department of jobs and training, and the Internal Revenue Service.

(b) County recorders shall enter information relative to lien statements, financing statements, state and federal tax lien notices, and other uniform commercial code documents filed in their offices into a central data base maintained by the secretary of state. The information must be entered under the rules of the secretary of state. This requirement does not apply to tax lien notices filed under sections 268.161, subdivision 1, paragraph (b), clause (2); 270.69, subdivision 2, paragraph (b), clause (2); and 272.488, subdivision 1, but does apply to entry of the date and time of receipt and county recorder's file number of those notices.

(c) The secretary of state may allow private parties to have electronic-view-only access to the computerized filing system and to other computerized records maintained by the secretary of state on a fee basis. If the computerized filing system allows a form of electronic access to information regarding the obligations of debtors, the access must be available 24 hours a day, every day of the year.

(d) The secretary of state shall adopt rules to implement the computerized filing system. The secretary of state may adopt permanent and emergency rules. The rules must:

(1) allow filings to be made at the offices of all county recorders and the secretary of state's office as required by section 336.9-401;

(2) establish a central data base for all information relating to liens and security interests that are filed at the offices of county recorders and the secretary of state;

(3) provide procedures for entering data into a central data base;

(4) allow the offices of all county recorders and the secretary of state's office to add, modify, and delete information in the central data base as required by the uniform commercial code;

(5) allow the offices of all county recorders and the secretary of state's office to have access to the central data base for review and search capabilities;

(6) allow the offices of all county recorders to have electronic-view-

only access to the computerized business information records on file with the secretary of state;

(7) require the secretary of state to maintain the central data base;

(8) provide security and protection of all information in the central data base and monitor the central data base to ensure that unauthorized entry is not allowed;

(9) require standardized information for entry into the central data base;

(10) prescribe an identification procedure for debtors and secured parties that will enhance lien and financing statement searches; and

(11) prescribe a procedure for phasing-in or converting from the existing filing system to a computerized filing system.

(e) The secretary of state, county recorders, and their employees and agents shall not be liable for any loss or damages arising from errors in or omissions from information entered into the computerized filing system as a result of the electronic transmission of tax lien notices under sections 268.161, subdivision 1, paragraph (b), clause (2); 270.69, subdivision 2, paragraph (b), clause (2); and 272.488, subdivision 1.

Sec. 12. Minnesota Statutes 1990, section 357.18, subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of any general or special law to the contrary, the fees prescribed by this section shall govern the filing or recording of all instruments in the office of the county recorder other than uniform commercial code documents, and documents filed or recorded pursuant to sections 270.69, subdivision 2, paragraph (c), 272.481 to ~~272.487~~ 272.488, and 386.77.

Sec. 13. Minnesota Statutes 1990, section 386.46, is amended to read:

386.46 [DISPOSAL OF OBSOLETE RECORDS.]

Documents, filed or recorded by the county recorder, including sheriffs certificates, land title patents, incorporations, official bonds, mechanics liens, affidavits, probate court orders, district court orders, satisfactions, warranty deeds, quitclaim deeds, lis pendens, assignments and miscellaneous documents, but still in possession because uncalled for by their owner for ten years after the filing or recording, may be destroyed by the county recorder. ~~State and~~ Federal liens, except federal estate and gift tax liens, may be destroyed ten years and 30 days, and state liens may be destroyed

ten years after their filing or last extension and stricken from the indexes.

Sec. 14. Minnesota Statutes 1990, section 508.25, is amended to read:

508.25 [RIGHTS OF PERSON HOLDING CERTIFICATE OF TITLE.]

Every person receiving a certificate of title pursuant to a decree of registration and every subsequent purchaser of registered land who receives a certificate of title in good faith and for a valuable consideration shall hold it free from all encumbrances and adverse claims, excepting only the estates, mortgages, liens, charges, and interests as may be noted in the last certificate of title in the office of the registrar, and also excepting any of the following rights or encumbrances subsisting against it, if any:

(1) liens, claims, or rights arising or existing under the laws or the constitution of the United States, which this state cannot require to appear of record;

(2) the lien of any real property tax or special assessment for which the land has not been sold at the date of the certificate of title;

(3) any lease for a period not exceeding three years when there is actual occupation of the premises thereunder;

(4) all rights in public highways upon the land;

(5) the right of appeal, or right to appear and contest the application, as is allowed by this chapter;

(6) the rights of any person in possession under deed or contract for deed from the owner of the certificate of title;

(7) any outstanding mechanics lien rights which may exist under sections 514.01 to 514.17; and

(8) any lien for state taxes.

~~No existing or future liens or judgments arising under the laws of this state for the nonpayment of any amounts due under chapter 268 or any tax administered by the commissioner of revenue may encumber title to lands registered under this chapter unless filed under the terms of this chapter.~~

Sec. 15. Minnesota Statutes 1990, section 508A.25, is amended to read:

508A.25 [RIGHTS OF PERSON HOLDING CPT.]

Every person holding a CPT issued pursuant to sections 508A.01 to 508A.85 who has acquired title in good faith and for a valuable consideration shall hold the same free from all encumbrances and adverse claims, excepting only estates, mortgages, liens, charges, and interests as may be noted by separate memorials in the latest CPT in the office of the registrar, and also excepting the memorial provided in section 508A.351 and any of the following rights or encumbrances subsisting against the same, if any:

(1) Liens, claims, or rights arising or existing under the laws or the constitution of the United States, which this state cannot require to appear of record;

(2) The lien of any real property tax or special assessment for which the land has not been sold at the date of the CPT;

(3) Any lease for a period not exceeding three years when there is actual occupation of the premises under it;

(4) All rights in public highways upon the land;

(5) The rights of any person in possession under deed or contract for deed from the owner of the CPT;

(6) Any liens, encumbrances, and other interests that may be contained in the examiner's supplemental directive issued pursuant to section 508A.22, subdivision 2;

(7) Any claims that may be made pursuant to section 508A.17 within five years from the date the examiner's supplemental directive is filed on the CPT; ~~and~~

(8) Any outstanding mechanics lien rights which may exist under sections 514.01 to 514.17; and

(9) any lien for state taxes.

Sec. 16. [REPEALER.]

Minnesota Statutes 1990, section 272.487, is repealed.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 3, 6, 10, 11, 14, and 15 are effective for liens and notices affecting liens filed on or after January 1, 1992. Sections 4, 5, 7 to 9, 12, 13, and 16 are effective the day following final enactment.

ARTICLE 17

PAYMENT DATES

Section 1. Minnesota Statutes 1990, section 274.19, subdivision 3, is amended to read:

Subd. 3. [TAX STATEMENTS; PENALTIES; COLLECTIONS.] Not later than ~~July 15~~ June 1 in the year of assessment the county treasurer shall mail to the taxpayer a statement of tax due on a manufactured home. The taxes are due on ~~the last day of August~~ July 15. Taxes remaining unpaid after the due date are delinquent, and a penalty of eight percent must be assessed and collected as part of the unpaid taxes. On ~~September 30~~ August 15 the county treasurer shall make a list of taxes remaining unpaid and shall certify the list immediately to the court administrator of district court. The court administrator shall issue warrants to the sheriff for collection.

Sec. 2. Minnesota Statutes 1990, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver on or before November 10 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year as required in paragraph (d) ~~or (e)~~ and, for a town, the amount of its final levy. It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in the case of a school district, on the proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. It must state the time and place for the continuation of the hearing if the hearing is not completed on the original date.

(d) ~~Except as provided in paragraph (e),~~ For taxes levied in ~~1990 and~~ 1991 and thereafter, the notice must state by county, city or town, and school district:

(1) the total proposed or, for a town, final property tax levy for taxes payable the following year after reduction for state aid;

(2) the percentage increase or decrease from the actual property tax levy for taxes payable in the current year; and

(3) for counties, cities, and towns, the increase or decrease in population from the second previous calendar year to the immediately prior calendar year, and for school districts, the increase or decrease in the number of pupils in average daily membership from the second previous school year to the immediately prior school year as determined by the commissioner of education. The data used to determine the increase or decrease in population under this clause must be the data used for purposes of the population adjustment to the levy limit base of the county, city, or town under section 275.51, subdivision 6.

For purposes of this paragraph, "proposed property taxes after reduction for state aid" means the taxing authority's levy certified under section 275.07, subdivision 1.

(e) ~~In the case of a county containing a city of the first class, or taxing authority lying wholly within a county or counties containing a city of the first class, for taxes levied in 1991, and thereafter, and for all counties for taxes levied in 1992 and thereafter, the notice must state for each parcel:~~

~~(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year;~~

~~(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year; and~~

~~(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.~~

~~(f)~~ The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy ~~limit~~ increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a

natural disaster occurring after the date the proposed taxes are certified; and

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified.

Sec. 3. Minnesota Statutes 1990, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC ~~HEARING~~ HEARINGS; ADOPTION OF BUDGET AND LEVY.] ~~Between November 15 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to adopt its property tax levy for taxes payable in the following year.~~ In three consecutive weeks beginning the second Monday in October, the governing bodies of the city and county shall hold public hearings to adopt their respective final budgets and property tax levies for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to adopt its property tax levy for taxes payable in the following year.

(a) In the week beginning with the second Monday in October, each county shall hold its public hearing.

(b) In the week beginning with the third Monday in October, each school district shall hold its public hearing.

(c) In the week beginning with the fourth Monday in October, each city shall hold its public hearing.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The property tax levy certified under section 275.07 by a city, county, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124A.03, subdivision 2, or 124.82, subdivision 3, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters under section ~~275.58~~ 275.581 after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; and

(6) the amount of an increase in levy limits certified to the taxing authority by the ~~commissioner of revenue or the~~ commissioner of education after the proposed levy was certified.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body school districts, shall adopt its final property tax levy prior to adopting its final budget.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The county auditor shall provide for the coordination of hearing dates for all taxing authorities within the county.

By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditors of the counties in which the school district is located the dates on which it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with those elected by or assigned to the counties and school districts in which the city is located.

The hearing dates so elected or assigned must be designated on the notices required under subdivision 3.

This subdivision does not apply to towns and special taxing districts.

Sec. 4. Minnesota Statutes 1990, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before ~~five working days after December 20~~ November 15 in each year. A town must certify the levy adopted by the town board to the county auditor by September 1 each year. If the town board modifies the levy at a special town meeting after September 1, the town board must recertify its levy to the county auditor on or before ~~five working days after December 20~~ November 15. The taxes certified shall not be adjusted by the aid received under sections 273.1398, subdivisions 2 and 3, and 477A.013, subdivision 5. 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.

Sec. 5. Minnesota Statutes 1990, section 275.07, subdivision 4, is amended to read:

Subd. 4. [REPORT TO COMMISSIONER.] On or before September 15 for taxes levied in 1990, and thereafter, the county auditor shall report to the commissioner of revenue the proposed levy certified by local units of government under section 275.065, subdivision 1. On or before ~~January 15~~ December 1, for taxes levied in ~~1989~~ 1991 and thereafter, the county auditor shall report to the commissioner of revenue the final levy certified by local units of government under subdivision 1. The levies must be reported in the manner prescribed by the commissioner. The reports must show a total levy and the amount of each special levy.

Sec. 6. Minnesota Statutes 1990, section 276.04, subdivision 3, is amended to read:

Subd. 3. [MAILING OF TAX STATEMENTS.] The county treasurer shall mail to taxpayers statements of their personal property taxes due not later than ~~April 15~~ March 31 for property taxes payable in ~~1990~~ 1991 and ~~March 31~~ February 1 for property taxes payable in 1992 and thereafter, 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 ~~April 15~~ March 31 for property taxes payable in ~~1990~~ 1991 and ~~March 31~~ February 1 for property taxes payable in 1992 and thereafter. The validity of the tax shall not be affected by failure of

the treasurer to mail the statement. The taxpayer is defined as the owner who is responsible for the payment of the tax.

Sec. 7. Minnesota Statutes 1990, section 276.10, is amended to read:

276.10 [APPORTIONMENT AND DISTRIBUTION OF FUNDS.]

~~On the settlement day determined in section 276.09 for each year,~~ The county auditor and county treasurer shall distribute all undistributed funds in the treasury. The funds must be apportioned as provided by law, and credited to the state, town, city, school district, special district and each county fund. Within 20 days after the distribution is completed, the county auditor shall report to the state auditor in the form prescribed by the state auditor. The county auditor shall issue a warrant for the payment of money in the county treasury to the credit of the state, town, city, school district, or special districts on application of the persons entitled to receive the payment. The county auditor may apply the local tax rate from the year before the year of distribution when apportioning and distributing delinquent tax proceeds, if the composition of the previous year's local tax rate between taxing districts is not significantly different from the local tax rate that existed for the year of the delinquency.

Sec. 8. Minnesota Statutes 1990, section 276.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] ~~As soon as practical after the settlement day determined in section 276.09,~~ On or before April 15, August 14, and December 15, the county treasurer shall pay to the state treasurer or the treasurer of a town, city, school district, or special district, on the warrant of the county auditor, all receipts of taxes levied by the taxing district and deliver up all orders and other evidences of indebtedness of the taxing district, taking triplicate receipts for them. The treasurer shall file one of the receipts with the county auditor, and shall return one by mail on the day of its receipt to the clerk of the town, city, school district, or special district to which payment was made. The clerk shall keep the receipt in the clerk's office. ~~Upon written request of the taxing district, to the extent practicable, the county treasurer shall make partial payments of amounts collected periodically in advance of the next settlement and distribution.~~ A statement prepared by the county treasurer must accompany each payment. It must state the years for which taxes included in the payment were collected and, for each year, the amount of the taxes and any penalties on the tax. ~~Upon written request of a taxing district, except school districts, the county treasurer shall pay at least 70 percent of the estimated collection within 30 days after the settlement date determined in section 276.09. Within seven business days after the due date, or 28 calendar days after the postmark date on the envelopes containing~~

~~real or personal property tax statements, whichever is latest, 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, unless The school district elects to receive 50 percent of the estimated collections arising from taxes levied by and belonging to the school district after making a proportionate reduction to reflect any loss in collections as the result of any delay in mailing tax statements. In that case, 50~~ Fifty percent of ~~those adjusted,~~ the estimated collections from the November 15 payment shall be paid by the county treasurer to the treasurer of the school district within seven business days of the due date. The remaining 50 percent of the estimated collections must be paid to the treasurer of the school district within the next seven business days ~~of the later of the dates in the preceding sentence, unless the school district elects to receive the remainder of its estimated collections after a proportionate reduction has been made to reflect any loss in collections as the result of any delay in mailing tax statements. In that case, the remaining 50 percent of those adjusted, estimated collections shall be paid by the county treasurer to the treasurer of the school district within 14 days of the due date~~. The treasurer shall pay the ~~balance of the~~ amounts collected to the state ~~or to a,~~ municipal corporation ~~or,~~ other body or, in the case of school districts, any additional amounts remaining after the advanced distributions received under this section, within ~~60~~ 45 days after the ~~settlement date determined in section 276.09~~ distribution dates of April 30, August 14, or December 15. After ~~45 days~~ the time for payment by the treasurer elapses, interest at an annual rate of eight percent accrues and must be paid to the taxing district. Interest must be paid upon appropriation from the general revenue fund of the county. If not paid, it may be recovered by the taxing district, in a civil action.

Sec. 9. Minnesota Statutes 1990, section 277.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in this subdivision, all unpaid personal property taxes shall be deemed delinquent on ~~May~~ March 16 next after they become due or 21 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 and be charged upon all such taxes. In the case of unpaid personal property taxes due and owing under section 272.01, subdivision 2, or 273.19, the first half shall become delinquent if not paid before ~~May~~ March 16 or 21 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 the unpaid first half; and the second half shall become delinquent if not paid before ~~October~~ July 16, and thereupon a penalty of eight percent shall attach on the unpaid second half. ~~This section shall not apply to class 2a property.~~

A county may provide by resolution that in the case of a property

owner that has multiple personal property tax statements with the aggregate taxes exceeding $50, payments may be made in installments as provided in this subdivision.

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. 10. Minnesota Statutes 1990, section 278.01, is amended to read:

278.01 [DEFENSE OR OBJECTION TO TAX ON LAND; SERVICE AND FILING.]

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving two copies of a petition for such determination upon the county auditor, one copy on the county attorney, and one copy on the county treasurer. In counties where the office of county treasurer has been combined with the office of county auditor, the petitioner must serve the number of copies required by the county. The petitioner must file the copies with proof of service, in the office of the court administrator of the district court before the 16th day of ~~May~~ March of the year in which the tax becomes payable. The county auditor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to ~~May~~ March 16 of the year in which the taxes are payable.

Subd. 2. [HOMESTEADS.] Any person having any estate, right,

title or interest in or lien upon any parcel which is classified as homestead under the provisions of section 273.13, subdivision 22 or 23, who claims that said parcel has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class, in that portion of the county in which that parcel is located, for which the commissioner is able to establish and publish a sales ratio study as determined by the applicable real estate assessment/sales ratio study published by the commissioner of revenue, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving two copies of a petition for such determination upon the county auditor and one copy each on the county treasurer and the county attorney and filing the same, with proof of such service, in the office of the court administrator of the district court before the 16th day of ~~May~~ March of the year in which such tax becomes payable. The county auditor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court.

Subd. 3. [EXCEPTION.] The procedures established by this section are not available to contest the validity or amount of any special assessment made pursuant to chapters 429, 430, any special law or city charter.

Sec. 11. Minnesota Statutes 1990, section 278.03, is amended to read:

278.03 [PAYMENT OF TAX.]

If the proceedings instituted by the filing of the petition have not been completed before the 16th day of ~~May~~ March next following the filing, the petitioner shall pay to the county treasurer 50 percent of the tax levied for such year against the property involved, unless permission to continue prosecution of the petition without such payment is obtained as herein provided. If the proceedings instituted by the filing of the petition have not been completed by the next ~~October 16, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property,~~ November 16, the petitioner shall pay to the county treasurer 50 percent of the unpaid balance of the taxes levied for the year against the property involved if the unpaid balance is $2,000 or less and 80 percent of the unpaid balance if the unpaid balance is over $2,000, unless permission to continue prosecution of the petition without payment is obtained as herein provided. The petitioner, upon ten days notice to the county attorney and to the county

auditor, given at least ten days prior to the 16th day of ~~May~~ March or the 16th day ~~of October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property, the 16th day~~ of November, 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 property may be held exempt from the tax levied or that the tax may be determined to be less than 50 percent of the amount levied; and

(3) that it would work a hardship upon petitioner to pay the taxes due,

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 all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment. The petition shall be automatically reinstated upon payment of the entire tax plus interest and penalty if the payment is made within one year of the dismissal. The county treasurer shall, upon request of the petitioner, issue duplicate receipts for the tax payment, one of which shall be filed by the petitioner in the proceeding.

Sec. 12. Minnesota Statutes 1990, section 278.05, subdivision 5, is amended to read:

Subd. 5. Any time after the filing of the petition and before the trial of the issues raised thereby, when the defense or claim presented is that the property has been partially, unfairly, or unequally assessed, or that the parcel has been assessed at a valuation greater than its real or actual value, or that a parcel which is classified as homestead under the provisions of section 273.13, subdivision 22 or 23, has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class in that portion of the county in which the parcel is located, for which the commissioner is able to establish and publish a sales ratio study, the attorney representing the state, county, city or town in the proceedings may serve on the petitioner, or the petitioner's attorney, and file with the court administrator of the district court, an offer to reduce the valuation of any tract or tracts to a valuation set forth in the offer. If, within ten days thereafter, the petitioner, or the attorney, gives notice in writing to the county

attorney, or the attorney for the city or town, that the offer is accepted, the official notified may file the offer with proof of notice, and the court administrator shall enter judgment accordingly. Otherwise, the offer shall be deemed withdrawn and evidence thereof shall not be given; and, unless a lower valuation than specified in the offer is found by the court, no costs or disbursements shall be allowed to the petitioner, but the costs and disbursements of the state, county, city or town, including interest at six percent on the tax based on the amount of the offer from and after the 16th day of ~~October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property, the 16th day of~~ November, of the year the taxes are payable, shall be taxed in its favor and included in the judgment and when collected shall be credited to the county revenue fund, unless the taxes were paid in full before the 16th day of ~~October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property, the 16th day of~~ November, of the year in which the taxes were payable, in which event interest shall not be taxable.

Sec. 13. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

Subd. 1a. [DUE DATES.] All taxes on real property are due in three equal installments, to be paid on March 15 or 20 calendar days after the postmark date on the envelope containing the property tax statement, whichever is later, July 15, and November 15.

Sec. 14. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

Subd. 2a. [PENALTIES.] Late payments of real property tax incur a penalty. The rate of the penalty increases with each successive month that the payment is late and is dependent upon the class of property taxed. The following is the schedule of penalties for late payment of property tax:

Property	March 16	April 1	May 1	June 1	July 1	July 16	Aug. 1
Class 1 and class 2:							
1st Installment (March 15)	4%	5%	6%	7%	8%	—	8%
2nd Installment (July 15)						4%	5%
3rd Installment (November 15)							

Class 3 and class 4:							
1st Installment (March 15)	8%	9%	10%	11%	12%	—	12%
2nd Installment (July 15)						8%	9%
3rd Installment (November 15)							

	Sept. 1	Oct. 1	Nov. 1	Nov. 16	Dec. 1	The first business day in January
Class 1 and class 2:						
1st Installment (March 15)	8%	8%	8%	—	8%	10%
2nd Installment (July 15)	6%	7%	8%	—	8%	10%
3rd Installment (November 15)				4%	8%	10%
Class 3 and class 4:						
1st Installment (March 15)	12%	12%	12%	—	12%	14%
2nd Installment (July 15)	10%	11%	12%	—	12%	14%
3rd Installment (November 15)				8%	12%	14%

Sec. 15. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

Subd. 3a. [EXTENDED DUE DATES.] Notwithstanding subdivision 2a, if any of the due dates provided in subdivision 1a are extended as a result of a delay in mailing property tax statements, no penalty accrues if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had not been extended must be charged.

Sec. 16. [REPEALER.]

Minnesota Statutes 1990, sections 276.09; 276.111; and 279.01, subdivisions 1, 2, and 3, are repealed.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 16 are effective for taxes levied in 1991, payable in 1992.

ARTICLE 18

AMBULANCE AND EMERGENCY SERVICES PERSONNEL

Section 1. Minnesota Statutes 1990, section 171.06, is amended by adding a subdivision to read:

Subd. 2b. [SURTAX IMPOSED.] A surtax of $2 is imposed on classified drivers license and classified under 21 drivers licenses in subdivision 2. This surtax does not apply to duplicate drivers licenses. The surtax must be paid into the state treasury and credited to the emergency medical services personnel account established in section 2.

Sec. 2. Minnesota Statutes 1990, section 353D.01, is amended to read:

353D.01 [PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN.]

Subdivision 1. [ESTABLISHMENT.] The public employees defined contribution plan is administered by the public employees retirement association under supervision of the association board of trustees. To assist it in governing the operations of the plan, the board may appoint an advisory committee of not more than nine members who are representative of the employers and employees who participate in the plan.

Subd. 1a. [EMERGENCY MEDICAL SERVICES PERSONNEL ACCOUNT.] A separate account is created in the general fund to be known as the emergency medical services personnel account. The account consists of all funds deposited in the general fund from the drivers license surtax, and all funds forfeited under sections 8 and 9. Investment earnings on money in the account must be credited to the account.

Subd. 1b. [APPROPRIATION.] Money from the emergency medical services account is appropriated on January 1 each year to the public employees retirement association to fund the ambulance service personnel incentive program as provided in section 353D.031.

Subd. 2. [ELIGIBILITY.] (a) Except as provided in section 353D.11, eligibility to participate in the retirement plan is open to:

(1) an elected local government official of a governmental subdivision who elects to participate in the plan who is not a member of

the public employees retirement association within the meaning of section 353.01, subdivision 7; ~~and to~~;

(2) basic and advanced life support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate; and

(3) a person who qualifies to have an ambulance service personnel incentive payment made on the person's behalf under section 353D.031.

(b) For purposes of this chapter, an elected local government official includes a person appointed to fill a vacancy in an elective office. Elected local government official does not include an elected county sheriff. Except as provided in section 353D.11, elected local government officials and first response personnel and emergency medical service personnel who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the plan.

Sec. 3. Minnesota Statutes 1990, section 353D.02, is amended to read:

353D.02 [ELECTION OF COVERAGE.]

~~Eligible~~ (a) Elected local government officials eligible under section 353D.01, subdivision 2, paragraph (a), clause (1), may elect to participate in the plan after being elected or appointed to a public office by filing an application to participate on a form prescribed by the executive director of the association. Participation begins on the first day of the month after the application is received in the association's office or on the date when the term of office commences, whichever date is later. An election to participate in the plan is irrevocable during incumbency in office.

~~Each~~ (b) For personnel eligible under section 353D.01, subdivision 2, paragraph (a), clause (2), a public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity with eligible personnel may elect to participate in the plan. If a service elects to participate, its eligible personnel may elect to participate or to decline to participate. An individual's election must be made within 30 days of the service's election to participate or 30 days of the date on which the individual was employed by the service or began to provide service for it, whichever date is later. An election by a service or an individual is irrevocable.

(c) A person eligible under section 353D.01, subdivision 2, para-

graph (a), clause (3), may elect to participate in the plan. The person must elect to participate or decline to participate by June 30, 1994, or by June 30 of the fiscal year after June 30, 1994, which the person first becomes qualified to have an ambulance service personnel incentive payment made on the person's behalf under section 353D.031.

Sec. 4. [353D.021] [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION TO PROVIDE PLAN INFORMATION TO CERTAIN AMBULANCE ATTENDANTS.]

The public employees retirement association shall undertake all practical efforts to inform ambulance attendants, ambulance drivers, and ambulance service medical directors on an ongoing basis about the ambulance service personnel incentive program and their eligibility to elect to participate in this plan. The commissioner of health and the executive director of the state board of investment shall provide all reasonable assistance to the public employees retirement association in preparing relevant information on the incentive program and the plan.

Sec. 5. Minnesota Statutes 1990, section 353D.03, is amended to read:

353D.03 [FUNDING OF PLAN.]

(a) An ~~eligible~~ elected local government official eligible under section 353D.01, subdivision 2, paragraph (a), clause (1), who elects to participate in the public employees defined contribution plan shall contribute an amount equal to five percent of salary as defined in section 353.01, subdivision 10. A participating elected local government official's governmental subdivision shall contribute a matching amount.

(b) A public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate in the plan shall fund benefits for its ~~qualified~~ personnel eligible under section 353D.01, subdivision 2, paragraph (a), clause (2), who individually elect to participate, except that personnel who are paid for their services may elect to make member contributions in an amount not to exceed the service's contribution on their behalf. Ambulance service contributions on behalf of salaried employees must be a fixed percentage of salary. An ambulance service making contributions for volunteer or largely uncompensated personnel may assign a unit value for each call or each period of alert duty for the purpose of calculating ambulance service contributions. ambulance service contributions. An ambulance service with personnel for whom funding is provided under the paragraph that has ambulance attendants, ambulance drivers, and ambulance service medical directors qualified to have an ambulance service personnel incentive payment made on the person's behalf

under section 353D.031 may discontinue that funding if the ambulance service has given its participating personnel at least 18 months notice of its intent to discontinue its funding of the plan.

Sec. 6. [353D.031] [AMBULANCE SERVICE PERSONNEL INCENTIVE PROGRAM.]

Subdivision 1. [ADMINISTRATION.] The money credited in the emergency medical services personnel account must be allocated annually by the executive director of the public employees retirement association.

Subd. 2. [ELIGIBILITY FOR ALLOCATION.] (a) The money credited in the emergency medical services personnel account must be annually allocated on the basis of the number of qualified personnel and their credited service during the previous year ending June 30.

(b) The amount of revenue paid to the emergency medical services account since the effective date of this section or the date of the last allocation, whichever applies, plus any net investment income credited to the account, must be determined.

(c) The number of qualified personnel must be determined. Qualified personnel are ambulance attendants, ambulance drivers, and ambulance service medical directors who:

(1) are employed by or serving an ambulance service that is licensed as such by the state of Minnesota;

(2) perform all or a predominant portion of services in Minnesota or on behalf of Minnesota residents, as certified by the chief administrative officer of the ambulance service;

(3) are currently certified by the department of health as an ambulance attendant, ambulance driver, or ambulance service medical director and are certified as active by the chief administrative officer of the ambulance service;

(4) for the year in question, would be considered a volunteer attendant under section 144.8091, subdivision 2, except that the salary limit is $3,000 for calendar year 1992, and is $3,000 multiplied by the cumulative percentage increase in the national consumer price index for all urban wage earners published by the federal Department of Labor since December 31, 1992;

(5) for an ambulance service medical director, meets the salary limit set forth in clause (4) based only on the person's hourly stipends or salary for service as a medical director; and

(6) has credit for no more than 20 years of service.

(d) The amount of credited service by qualified personnel in the form of units must be determined. A year of service by a qualified person after the person elects to participate in the plan, or after January 1, 1992, whichever is later, is equal to two units. If a qualified person has service that would have qualified before the date of election of participation or January 1, 1992, whichever is later, the person must receive an additional one-fifth of a unit per year of that service for a maximum of five years, except that the person cannot receive credit for any year in which contributions were made by an ambulance service on the person's behalf under sections 353D.03 and 353D.04.

Subd. 3. [ALLOCATION.] The money available for allocation must be divided by the total number of units associated with qualified personnel to determine the dollar value of a unit. A qualified person is entitled to have deposited on the person's behalf in the person's individual account an amount equal to the dollar value of a unit multiplied by the person's number of units credited for that year under subdivision 2, paragraph (d).

Sec. 7. Minnesota Statutes 1990, section 353D.05, is amended to read:

353D.05 [INVESTMENT OF FUNDS.]

Subdivision 1. [INVESTMENT.] Employing unit contributions under section 353D.03 and ambulance service personnel incentive allocation under section 353D.031, after the deduction of an amount for administrative expenses, and individual participant contributions must be remitted to the state board of investment for investment in the Minnesota supplemental investment fund established by section 11A.17.

Subd. 2. [INVESTMENT OPTIONS.] (a) An individual participant may elect to purchase shares in the income share account, the growth share account, the money market account, the bond market account, the guaranteed return account, or the common stock index account established by section 11A.17, or a combination of those accounts. The participant may elect to purchase shares in a combination of those accounts by specifying the percentage of the total contributions and ambulance service personnel incentive allocation to be used to purchase shares in each of the accounts.

(b) Twice in a calendar year, a participant may indicate in writing a choice of options for subsequent purchases of shares. After a choice is made, until the participant makes a different written indication, the executive director of the association shall purchase shares in the supplemental investment fund or funds specified by the participant. If no initial option is indicated by a participant, the executive

director shall invest all contributions made by or on behalf of a participant in the income share account. A choice of investment options is effective no later than the first pay date occurring more than 30 days after receipt of the written choice of options.

(c) One month before the start of a new guaranteed investment contract, a participant may elect to transfer all or a portion of the participant's shares previously purchased in the income share, growth share, common stock index, bond market, or money market accounts to the new guaranteed investment contract in the guaranteed return account. If a partial transfer is made, a minimum of $200 must be transferred and a minimum balance of $200 must remain in the previously selected investment options. Upon expiration of a guaranteed investment contract, the participant's shares attributable to that contract must be transferred to a new guaranteed investment contract unless the executive director is otherwise directed by the participant. Shares in the guaranteed return account may not be withdrawn from the fund or transferred to another account until the guaranteed investment contract has expired, unless the participant qualifies for a benefit payment under section 353D.07.

(d) Twice in a calendar year, a participant or former participant may also change the investment options selected for all or a portion of the individual's previously purchased shares in accounts other than the guaranteed return account. If a partial transfer of previously purchased shares is selected, a minimum of $200 must be transferred and a minimum balance of $200 must remain in the previously selected investment option. A change under this paragraph is effective as soon as cash flow to an account permits, but not later than six months from the requested change.

Subd. 3. [ADMINISTRATIVE EXPENSES.] The public employees retirement association may deduct an amount~~, set annually by the executive director of the association, but not to exceed two percent of the employing unit contributions to the plan,~~ to defray the expenses of the association in administering the plan. The amount must be set annually by the executive director of the association, but not to exceed two percent of the total amount of the employing unit contributions to the plan and the ambulance service personnel incentive allocation received by the plan.

Sec. 8. [353D.051] [VESTING FOR INCENTIVE ALLOCATION.]

(a) Sixty months of service credit, accumulated after the date on which the person elects to participate in the plan, are required for vesting of retirement benefits under section 353D.07, other than on account of death, that are derived from ambulance service personnel incentive allocations under section 353D.031. These 60 months must be accumulated within 120 months of the first month of service credit earned after the date on which the person elects to participate

in the plan. No minimum period of service is required for vesting of benefits under section 353D.07, on account of death, that are derived from ambulance service personnel incentive allocations under section 353D.031, once the person has elected to participate in the plan. Upon completion of 60 months of service under the plan with one or more participating ambulance services, a participant terminating active service is entitled to receive the value of the participant's individual account as provided in section 353D.07.

(b) Amounts derived from ambulance service personnel incentive allocations under section 353D.031 that are credited to a person's account are forfeited at the end of the 120th month after the first month of service credit earned after the date on which the person elects to participate in the plan, if the person does not have 60 months of service credit at that time. Funds forfeited must be added to the emergency medical services personnel account for the subsequent January 1 allocation under section 353D.031.

Sec. 9. Minnesota Statutes 1990, section 353D.06, is amended to read:

353D.06 [REPORTING.]

The executive director of the public employees retirement association shall prescribe the reporting forms required from employing units and the election forms required from participants. Reporting forms must contain names, identification numbers, amount of contribution by and on behalf of each participant, and such other data as is required to keep an accurate record of the account value of each participant and to determine eligibility for aid allocations of ambulance service personnel incentive amounts under section 353D.031.

In the event an ambulance service fails to provide required information within 60 days after the public employees retirement association sends the service a notice that the information is overdue, its members forfeit the service units credited and its members are not entitled to the ambulance service personnel incentive amount allocated for that year. Ambulance services that provide fraudulent information are subject to criminal prosecution.

Sec. 10. [353D.091] [FEDERAL REQUIREMENTS.]

Subdivision 1. [PLAN TAX QUALIFICATION AND STATUS.] The public employees retirement association shall seek a determination from the Internal Revenue Service regarding the tax qualification status of the incentive program and from the United States Department of Labor regarding whether the incentive program must comply with federal Employee Retirement Income Security Act (ERISA) requirements.

Subd. 2. [REPORT TO LEGISLATURE.] The executive director shall immediately report the results of each determination to the chairs of the senate governmental operations committee, house governmental operations committee, and legislative commission on pensions and retirement.

Subd. 3. [IMPLEMENTATION DELAY.] The association shall not credit participants with service units nor transfer money from the emergency medical services personnel account under section 353D.031, subdivision 1, into individual accounts unless written notification is received from (1) the Internal Revenue Service that implementation of the incentive program does not jeopardize the tax-exempt status of the defined contribution plan or a public pension plan under section 356.30, subdivision 3, and (2) the United States Department of Labor that the incentive program need not comply with federal ERISA requirements, including any requirements for tax-deferred treatment of contributions and interest earned on contributions.

Subd. 4. [RULES AND POLICIES.] If the incentive program receives favorable determinations from both the Internal Revenue Service and the United States Department of Labor, the association shall formulate and adopt rules or policies in accordance with the restrictions and standards of the Internal Revenue Code and rules and regulations of the Internal Revenue Service.

Sec. 11. [EFFECTIVE DATE.]

If the requirements under section 10 are met by June, 1992, sections 1 to 5 and 9 are effective July 1, 1992, and section 6 is effective January 1, 1993. If not, sections 1 to 10 are inoperative.

ARTICLE 19

MISCELLANEOUS

Section 1. Minnesota Statutes 1990, section 13.51, subdivision 2, is amended to read:

Subd. 2. [INCOME PROPERTY ASSESSMENT DATA.] The following data collected by political subdivisions from individuals or business entities concerning income properties are classified as private or nonpublic data pursuant to section 13.02, subdivisions 9 and 12:

(a) detailed income and expense figures for the current year plus the previous three years;

(b) average vacancy factors for the previous three years;

(c) verified net rentable areas or net usable areas, whichever is appropriate;

(d) anticipated income and expenses for the current year; ~~and~~

(e) projected vacancy factor for the current year; and

(f) lease information.

Sec. 2. Minnesota Statutes 1990, section 14.03, subdivision 3, is amended to read:

Subd. 3. [RULEMAKING PROCEDURES.] The definition of a rule in section 14.02, subdivision 4, does not include:

(1) rules concerning only the internal management of the agency or other agencies that do not directly affect the rights of or procedures available to the public;

(2) rules of the commissioner of corrections relating to the placement and supervision of inmates serving a supervised release term, the internal management of institutions under the commissioner's control, and rules adopted under section 609.105 governing the inmates of those institutions;

(3) rules of the division of game and fish published in accordance with section 97A.051;

(4) rules relating to weight limitations on the use of highways when the substance of the rules is indicated to the public by means of signs;

(5) opinions of the attorney general;

(6) the systems architecture plan and long-range plan of the state education management information system provided by section 121.931;

(7) the data element dictionary and the annual data acquisition calendar of the department of education to the extent provided by section 121.932; ~~or~~

(8) the occupational safety and health standards provided in section 182.655; or

(9) revenue notices and tax information bulletins of the commissioner of revenue.

Sec. 3. Minnesota Statutes 1990, section 116.07, subdivision 4h, is amended to read:

Subd. 4h. [FINANCIAL RESPONSIBILITY RULES.] (a) The agency shall adopt rules requiring the operator or owner of a solid waste disposal facility to submit to the agency proof of the operator's or owner's financial capability to provide reasonable and necessary response during the operating life of the facility and for 20 years after closure, and to provide for the closure of the facility and postclosure care required under agency rules. Proof of financial responsibility is required of the operator or owner of a facility receiving an original permit or a permit for expansion after adoption of the rules. Within 180 days of the effective date of the rules or by July 1, 1987, whichever is later, proof of financial responsibility is required of an operator or owner of a facility with a remaining capacity of more than five years or 500,000 cubic yards that is in operation at the time the rules are adopted. Compliance with the rules is a condition of obtaining or retaining a permit to operate the facility.

(b) The agency shall amend the rules adopted under paragraph (a) to allow a municipality, as defined in section 475.51, subdivision 2, including a sanitary district, that owns or operates a solid waste disposal facility that was in operation on May 15, 1989, to meet its financial responsibility for all or a portion of the contingency action portion of the reasonable and necessary response costs at the facility through its authority to issue bonds, provided that the method developed in the rules will ensure that when funds are needed for a contingency action, sufficient bonds can and will be issued by the municipality to meet its responsibility. The rules must include at least:

(1) a requirement that the governing body of the municipality enact an ordinance that clearly accepts responsibility for the costs of contingency action at the facility and that reserves, during the operating life of the facility and for 20 years after closure, a portion of the debt limit of the municipality, as established under section 475.53 or other law, that is equal to the total contingency action costs calculated under the rules;

(2) a requirement that the municipality assure that all collectors that haul to the facility implement a plan for reducing solid waste by using volume-based pricing, recycling incentives, or other means;

(3) a requirement that when a municipality opts under the rules to meet a portion of its financial responsibility by relying on its authority to issue bonds, it shall also begin setting aside funds that will cover a portion of the potential contingency action costs at the facility, the amount to be determined by the agency for each facility based on at least the amount of waste deposited in the disposal

facility each year, and the likelihood and potential timing of conditions arising at the facility that will necessitate response action; and

(4) a requirement that a municipality have and consistently maintain an investment grade bond rating as a condition of using bonding authority to meet financial responsibility under this section.

(c) Counties shall comply with existing financial responsibility rules until those rules are amended under paragraph (b), and, after that time, counties shall comply with the amended rules. The method for proving financial responsibility developed under paragraph (b) may not be applied to a new solid waste disposal facility or to expansion of an existing facility, unless the expansion is a vertical expansion. Vertical expansions of qualifying existing facilities are limited to a period of not more than three years.

Sec. 4. Minnesota Statutes 1990, section 138.17, subdivision 1a, is amended to read:

Subd. 1a. [RECORDS INSPECTION.] Government records which a state agency, political subdivision, or statewide system lists on a records disposition application or records schedule, or on which archival assistance or advice is requested, may be inspected by state archives' employees if state archives gives prior notice. Employees of the archives shall have access to the records for the purpose of determining the historical or other continuing value of the records, regardless of the records' classification pursuant to chapter 13 or 270B. Employees of the archives shall be liable to the penalties set forth for improper disclosure by them of private, confidential, nonpublic, or protected nonpublic data inspected for this purpose.

Sec. 5. [270.0604] [REVENUE NOTICES.]

Subdivision 1. [AUTHORITY.] The commissioner of revenue may make, adopt, and publish interpretive revenue notices. A "revenue notice" is a policy statement that has been published pursuant to subdivision 5 and that provides interpretation, details, or supplementary information concerning the application of law or rules. Revenue notices are published for the information and guidance of taxpayers, the department of revenue, and others concerned.

Subd. 2. [EFFECT.] Revenue notices do not have the force and effect of law and have no precedential effect, but may be relied on by taxpayers until revoked or modified. A notice may be expressly revoked or modified by the department, by the issuance of a revenue notice, but may not be revoked or modified retroactively to the detriment of the taxpayers. A change in the law or an interpretation of the law occurring after the revenue notice is issued, whether in the form of a statute, court decision, administrative rule, or revenue

notice, results in revocation or modification of the notice to the extent that the change affects the notice.

Subd. 3. [RETROACTIVITY.] Revenue notices are generally interpretive of existing law and therefore are retroactive to the effective date of the applicable law provision unless otherwise stated in the notice.

Subd. 4. [ISSUANCE.] The issuance of revenue notices is at the discretion of the commissioner of revenue. The commissioner shall establish procedures governing the issuance of revenue notices and tax information bulletins.

Subd. 5. [PUBLICATION.] The commissioner shall publish the revenue notices in the State Register and in any other manner that makes them accessible to the general public. The commissioner may charge a reasonable fee for publications.

Subd. 6. [APPLICABILITY.] This section does not apply to property tax law.

Sec. 6. [270.0605] [TAX INFORMATION BULLETINS.]

The commissioner of revenue may issue tax information bulletins. "Tax information bulletins" are informational guides to enable taxpayers to become more familiar with Minnesota tax laws and their rights and responsibilities under the tax laws. Nothing contained in the tax information bulletins supersedes, alters, or otherwise changes any provisions of the Minnesota tax law, administrative rules, court decisions, or revenue notices.

Sec. 7. Minnesota Statutes 1990, section 270.067, subdivision 1, is amended to read:

Subdivision 1. [STATEMENT OF PURPOSE.] State governmental policy objectives are sought to be achieved both by direct expenditure of governmental funds and by the granting of special and selective tax relief or tax expenditures. Both direct expenditures of governmental funds and tax expenditures have an effect on the ability of the state and local governments to lower tax rates or to increase expenditures. As a result, tax expenditures should receive a regular and comprehensive review by the legislature as to (a) their total cost, (b) their effectiveness in achieving their objectives, (c) their effect on the fairness and equity of the distribution of the tax burden, and (d) the public and private cost of administering tax expenditure financed programs. This section is intended to facilitate a regular review of the state and local tax expenditure budget by the legislature by providing for the preparation of a regular biennial tax expenditure budget.

Sec. 8. Minnesota Statutes 1990, section 270.067, subdivision 2, is amended to read:

Subd. 2. [PREPARATION; SUBMISSION.] The commissioner of revenue shall prepare a tax expenditure budget for the state ~~every four years~~. The tax expenditure budget report shall be submitted to the legislature as a supplement to the governor's budget and at the same time as provided for submission of the budget pursuant to section 16A.11, subdivision 1~~, except that the next such report shall be submitted in 1993, and every four years thereafter~~.

Sec. 9. Minnesota Statutes 1990, section 270B.09, is amended to read:

270B.09 [CONTRACTS WITH THE STATE; SETOFF.]

The commissioner may disclose to the department of finance or any state agency making payment to a vendor as described in section 270.66 or 290.97 whether the vendor has an uncontested delinquent tax liability owed to the commissioner and the amount of any liability. The commissioner may also disclose taxpayer identity information to the department of finance and to the University of Minnesota, solely for vendor setoff purposes.

Sec. 10. Minnesota Statutes 1990, section 290.611, subdivision 1, is amended to read:

Subdivision 1. No person who prepares, aids in the preparation, processes, transmits, consults with respect to or reviews a state or federal tax return for another person, corporation, partnership, association or other taxpayer shall divulge any particulars of such return, except to authorized employees of the department of revenue or of the Internal Revenue Service in the course of an examination, without the written permission of such person, corporation, partnership, association or other taxpayer or the legally appointed representative of such taxpayer if such taxpayer is deceased, incompetent or otherwise unable to give such consent. The provisions of this subdivision shall not apply to disclosure by an employee of the department of revenue or of the Internal Revenue Service to other employees of such department or service where such disclosure is necessary for the effective administration of the tax laws of the state or the federal government.

Sec. 11. Minnesota Statutes 1990, section 325D.32, is amended by adding a subdivision to read:

Subd. 5a. [INTEGRATED WHOLESALER.] "Integrated wholesaler" means a corporation that offers, in-house, a diversified range of services including advertising, accounting, store planning, engineering, and distribution in conjunction with the wholesale distri-

bution of grocery, perishable, and other products including cigarettes to retail grocery stores and which derives less than ten percent of its gross sales from the sale of cigarettes. Except as provided in subdivision 11, paragraph (b), the term "wholesaler" as used in this section also applies to "integrated wholesaler."

Sec. 12. Minnesota Statutes 1990, section 325D.32, subdivision 10, is amended to read:

Subd. 10. (a) "Cost to wholesaler" means the basic cost of the cigarettes, prior to 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.

(b) In the absence of proof of a lesser or higher cost, the cost of doing business by the wholesaler is presumed to be four percent of the basic cost of the 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~~. 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. A manufacturer's timely payment and stamping discounts and any other discounts or rebates shall not be deducted in determining the cost of doing business by a wholesaler who is not an integrated wholesaler, whether it is determined under the percentage formula set forth in this paragraph or proof of actual cost.

(c) A wholesaler electing to sell cigarettes at a price other than that presumed by law must submit to the commissioner documentation substantiating the actual cost of the cigarettes before selling at actual cost. For purposes of this paragraph "actual cost" means basic cost as defined in subdivision 9 plus the wholesaler's cost of doing business. The commissioner shall review the documents submitted and, if necessary, request additional documentation to verify the accuracy of the cost computations. If, within 15 days of submission of the documentation, the commissioner has not notified the wholesaler of any deficiencies in the cost computations, the wholesaler may begin selling at actual cost. The cost computations are effective for a period of not more than 12 months beginning 15 days after submission of the documentation. Fifteen days before expiration of the 12-month period, the wholesaler must submit new cost documentation for review by the commissioner to continue selling at less than the price presumed by law. New cost documentation must also be submitted to the commissioner on the last day of a month in which the basic cost of cigarettes increases.

Sec. 13. Minnesota Statutes 1990, section 325D.415, is amended to read:

325D.415 [CIGARETTE DISTRIBUTOR FEES.]

A cigarette distributor as defined in section 297.01, subdivision 7, shall pay to the commissioner an annual fee as follows:

(1) a fee of $2,500 is due from those distributors whose annual cigarette tax collections exceed $2,000,000; and

(2) a fee of $1,200 is due from those distributors whose annual cigarette tax collections are $2,000,000 or less.

The annual fee must be paid by December 31 of each year. If the fee is not paid when due, the commissioner shall revoke or refuse to issue or renew the license under chapter 297. The annual fee must be deposited into the general fund, and is annually appropriated to the commissioner of revenue to be used for the administration and enforcement of sections 325D.30 to 325D.415.

Sec. 14. [373.42] [MANDATE EXCEPTIONS.]

Upon submission of resolutions adopted by five or more counties representing 30 percent or more of Minnesota's population according to the last decennial census, the state auditor must determine, within 30 days following notification, whether sufficient funds are available for those counties to fulfill the requirements of a new or existing program imposed by the legislature, a state agency, or a judicial authority without incurring a civil liability, criminal penalty, or administrative sanction.

The state auditor must separately determine whether the full or partial suspension of administrative requirements reduces program costs to the level of available funding. For purposes of this section, administrative requirements include rules, reporting requirements, and administrative or procedural requirements.

Notwithstanding any law or rule to the contrary, if the state auditor finds that revenues are insufficient to fund administrative requirements, a county board may, by resolution, order suspension of those administrative requirements. If the auditor finds that revenues are insufficient to fund program benefits, the county board may additionally order suspension of the program benefits. For purposes of this section, program benefits means total cost less the cost of administrative requirements.

The legislative commission on planning and fiscal policy may order the reinstatement of program benefits by a majority vote of its members.

Sec. 15. Minnesota Statutes 1990, section 462C.03, subdivision 10, is amended to read:

Subd. 10. Notwithstanding any provision of this chapter, not more

than 20 percent of the aggregate dollar amount of tax-exempt bond proceeds ~~and any other funds~~ appropriated by any city within any calendar year to make or purchase loans providing single family housing or dwelling units for sale within multifamily housing developments described in section 462C.05, subdivision 3, shall be appropriated to provide single family housing for persons or families, including renters of the single family housing, whose gross income exceeds the limit in section 462C.03, subdivision 2. If 20 percent of the total amount of tax-exempt bond funds so appropriated by the city in any calendar year is expended for housing not within the limit, no additional funds may be expended pursuant to any other similar appropriation until the remaining 80 percent is expended for housing within the limit. Notwithstanding subdivision 2, the city may use taxable bond proceeds for single family housing for persons and families with adjusted gross incomes of up to 175 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the nonmetropolitan county or standard metropolitan statistical area, whichever is appropriate.

Sec. 16. [471.593] [CITIZENS BUDGET ADVISORY COMMITTEES.]

(a) This section may be cited as the "citizen budget advisory committee act."

The governing body of a home rule or statutory city may appoint a citizen budget advisory committee to:

(1) forward proposals for more efficient delivery of city services including the coordination and consolidation of various city programs and services where appropriate;

(2) study the budgetary effects that locally provided services required under state law have on the city's budget;

(3) work cooperatively with city council members and staff in addressing any other funding and program concerns the citizen advisory council may determine are appropriate; and

(4) undertake outreach efforts to communicate to city residents potential changes to existing programs.

(b) The number of members, the length of their terms, and the duration of a committee shall be set by the city. Members of a committee shall represent a cross-section of city geographical areas, housing, and income levels. The committee may determine the frequency of meetings. The first meeting may coincide with the beginning of the local budget development process. City staff shall provide background rationale and explanation of:

(1) revenue sources and formulas as they pertain to local expenditures;

(2) the history of local revenues and expenditures;

(3) cost-saving mechanisms already in place; and

(4) the impact of projected revenue cuts.

Meetings shall be open to the public and notice provided. The committee may issue a report upon completion of the budget process. Nothing in this section shall preclude a committee from studying issues not described in this section, if authority is granted to it by the city.

Sec. 17. Laws 1974, chapter 285, section 4, as amended by Laws 1989, chapter 328, article 4, section 6, is amended to read:

Sec. 4. [ISSUANCE OF BONDS.]

To finance the programs authorized in section 2, 2a, and 3 of this act, the governing body of the city may by resolution authorize, issue, and sell general obligation bonds of the city ~~in accordance with the provisions of Minnesota Statutes, Chapter 475~~ without submission of the question to the electors of the city, notwithstanding any provision of the city charter or local ordinance. Minnesota Statutes, chapter 475, applies to the issuances of bonds. The total amount of all bonds outstanding for the programs shall not exceed $25,000,000. The amount of all bonds issued shall be ~~included in~~ excluded from the net indebtedness of the city for the purpose of any charter or statutory debt limitation.

Sec. 18. [PENNINGTON COUNTY; THIEF RIVER FALLS; STUDENT HOUSING.]

Subdivision 1. Pennington county or the city of Thief River Falls may construct and own student housing in the county or city. The county or city may incur debt as provided by Minnesota Statutes, chapter 475, to finance the cost of the student housing, which is a purpose like other purposes stated in Minnesota Statutes, section 475.52. Payment of the debt may be secured by either or both the pledge of revenue from the housing or the pledge of the full faith and credit of the county or city. An election is not necessary to authorize obligations issued under the authority provided by this section.

Subd. 2. Subdivision 1 takes effect separately for Pennington county and the city of Thief River Falls upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by their respective governing bodies.

Subd. 3. Property taxes may not be levied under this section until the 1992 levy, payable in 1993 and thereafter.

Sec. 19. [EFFECTIVE DATE.]

Sections 1, 4, 9, and 10 are effective the day following final enactment. Sections 2, 3, 5, and 6 are effective July 1, 1991. Section 16 is effective the day following final enactment."

Amend the title accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1099, A bill for an act relating to civil actions; increasing penalties for retaliation by employers under the child abuse and vulnerable adults reporting acts; amending Minnesota Statutes 1990, sections 626.556, subdivision 4a; and 626.557, subdivision 17.

Reported the same back with the following amendments:

Page 1, line 18, delete "$50,000" and insert "$10,000"

Page 2, line 17, delete "$50,000" and insert "$10,000"

With the recommendation that when so amended the bill pass.

The report was adopted.

Osthoff from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

H. F. No. 1147, A bill for an act relating to public employment; transferring certain state employees from the unclassified to the classified service; requiring rules for evaluating the performance of arbitrators; establishing deadlines for certain steps in the arbitration process; establishing a procedure for setting the dates for meetings of arbitration panels; amending Minnesota Statutes 1990, sections 16B.88, subdivision 1; 43A.08, subdivision 1a, and by adding a subdivision; 43A.18, subdivision 4; 116K.04, subdivision 5; 144A.52, subdivision 1; 179A.05, subdivision 6; 179A.16, subdivisions 4, 6, and 7; 196.23, subdivision 1; 240A.02, subdivision 3; 241.01, subdivision 3a; 241.43, subdivisions 1 and 2; 299A.30,

subdivision 1; 349A.02, subdivision 4; 446A.03, subdivision 5; Laws 1984, chapter 654, article 2, section 152, subdivision 3; and Laws 1987, chapter 386, article 1, section 11; repealing Minnesota Statutes 1990, sections 116J.615, subdivision 3; and 352D.02, subdivision 1b.

Reported the same back with the following amendments:

Page 8, line 5, before "At" insert "All professional employees as defined in section 179A.03, subdivision 13, whose primary responsibilities are in marketing are in the unclassified service. All other employees of the division are in the classified service."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1170, A bill for an act relating to human rights; lengthening the statute of limitations for human rights act violations; amending Minnesota Statutes 1990, sections 363.06, subdivision 3; and 363.116.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 363.06, is amended by adding a subdivision to read:

Subd. 3b. Notwithstanding the provisions of subdivision 3, a claim of an unfair discriminatory practice may be brought as a civil action pursuant to section 363.14, subdivision 1, clause (a), within two years after the occurrence of the unfair discriminatory practice provided that:

(1) the claim was filed in a charge with a local commissioner or filed in a charge with the commissioner within the time specified in subdivision 3; or

(2) the claim is one of sexual harassment.

Under clauses (1) and (2), the running of the statute of limitations period is suspended during the time the parties are voluntarily engaged in a dispute resolution process, as provided in subdivision 3."

Delete the title and insert:

"A bill for an act relating to human rights; lengthening the statute of limitations for certain human rights act violations; amending Minnesota Statutes 1990, section 363.06, by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1173, A bill for an act relating to natural resources; amending certain provisions concerning mineral exploration, exploratory boring, and data acquired in connection therewith; amending Minnesota Statutes 1990, sections 13.793, subdivision 2; 103I.601, subdivision 4; and 103I.605, subdivision 4.

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1215, A bill for an act relating to agriculture; providing for enforcement of agricultural laws; imposing penalties; 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. [17.981] [DEFINITION.]

As used in sections 1 to 4, "person" means an individual, corporation, association, cooperative, or partnership.

Sec. 2. [17.982] [CRIMINAL AND ADMINISTRATIVE PENALTIES.]

Subdivision 1. [CRIMINAL PENALTIES.] A person who violates this chapter or chapter 17A, 18, 21, 27, 28, 30, 31, 31A, 32, or 34, for which a penalty has not been prescribed is guilty of a misdemeanor.

Subd. 2. [ADMINISTRATIVE PENALTIES.] (a) The commissioner may, in addition to or as an alternative to misdemeanor prosecution, impose an administrative penalty on a person who violates a chapter listed in subdivision 1. For a first violation, the commissioner may impose an administrative penalty of not more than $1,000 for each violation. For a second or succeeding violation, the commissioner may impose an administrative penalty of not more than $1,500 for each violation. Each day a violation continues is a separate violation.

(b) In determining the amount of the administrative penalty the commissioner may consider:

(1) the willfulness of the violation;

(2) the gravity of the violation;

(3) the person's history of past violations;

(4) the number of violations;

(5) the economic benefit from the violation; and

(6) other factors identified in the commissioner's citation.

(c) For a second or succeeding violation, the commissioner shall determine the amount of a penalty by considering the factors in paragraph (b) and:

(1) similarity between the violations;

(2) time elapsed since the last violation; and

(3) the person's response to the most recent violation.

Sec. 3. [17.983] [ADMINISTRATIVE PENALTIES AND ENFORCEMENT.]

Subdivision 1. [ADMINISTRATIVE PENALTIES; CITATION.] If a person has violated this chapter or chapter 17A, 18, 21, 27, 28, 30, 31, 31A, 32, or 34, the commissioner may issue a written citation to the person by personal service or by certified mail. The citation shall describe the nature of the violation and the statute or rule alleged to have been violated; state the time for correction; and the amount of any proposed fine. The citation must advise the person to notify the commissioner in writing within 30 days if the person wishes to appeal the citation. If the person fails to appeal the citation, the citation is the final order and not subject to further review.

Subd. 2. [FAILURE TO CORRECT.] If a person fails to correct a violation within the time prescribed by the commissioner, the commissioner shall notify the person by certified mail of the failure to correct and the penalty amount assessed. The notice must state that the person must notify the commissioner in writing within 30 days if the person wishes to appeal the penalty. If the person fails to appeal the penalty in writing within 30 days of receipt of the notice, the penalty is a final order and not subject to further review.

Subd. 3. [CONTESTED CASE.] If a person appeals a citation or a penalty assessment within the time limits in subdivisions 1 and 2, the commissioner, within 40 days after receiving the appeal, shall initiate a contested proceeding under chapter 14. The report of the administrative law judge is the final decision of the commissioner of agriculture.

Sec. 4. [17.984] [INVESTIGATION.]

Subdivision 1. [AUTHORITY.] The commissioner may, upon presenting appropriate credentials, enter and inspect any premises subject to the commissioner's authority, under this chapter or chapter 17A, 18, 21, 27, 28, 30, 31, 31A, 32, or 34, and all related conditions, structures, machines, apparatus, devices, equipment, and materials during regular working hours and at other reasonable times; question any employer, owner, operator, agent, or employee; and inspect any papers, books, documents, or records; and audit business records. The commissioner may issue notices in lieu of citations for minor violations if a notice is in the public interest.

Subd. 2. [FAILURE TO COMPLY.] The commissioner may administer oaths, take and cause to be taken depositions of witnesses, and issue subpoenas, and may petition the district court in the county in which the premises is located to compel compliance with the commissioner's orders and activities under this section."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 1221, A bill for an act relating to education; establishing innovation grants for post-secondary child care needs; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1 – APPROPRIATIONS

Section 1. HIGHER EDUCATION APPROPRIATIONS

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this article. The listing of an amount under the figure "1992" or "1993" in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 1992, or June 30, 1993, respectively. "The first year" is fiscal year 1992. "The second year" is fiscal year 1993. "The biennium" is fiscal years 1992 and 1993.

SUMMARY BY FUND

	1992	1993	TOTAL
General	$984,871,600	$985,388,400	$1,970,260,000

SUMMARY BY AGENCY—ALL FUNDS

	1992	1993	TOTAL
Higher Education Coordinating Board	$92,566,000	$92,560,000	$185,126,000
State Board for Technical Colleges	$165,466,000	$165,061,000	$330,527,000
State Board for Community Colleges	$98,338,000	$99,525,000	$197,863,000
State University Board	$180,966,900	$177,498,000	$358,464,900
Board of Regents of the University of Minnesota	$446,514,800	$449,744,500	$896,259,300
Mayo Medical Foundation	$1,019,900	$999,900	$2,019,800

	APPROPRIATIONS Available for the Year Ending June 30 1992	1993
Sec. 2. HIGHER EDUCATION CO-ORDINATING BOARD		
Subdivision 1. Total Appropriation	$92,566,000	$92,560,000

	1992	1993
	$	$

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Agency Administration

$3,249,000 $3,242,000

$58,000 in each year is for membership in the Midwest Higher Education Compact. The appropriation for this membership is in place of the appropriation for membership in the Western Interstate Commission on Higher Education.

$300,000 is for child care innovation grants.

Subd. 3. State Grants

$77,731,000 $77,731,000

This appropriation contains money for increasing living allowances for state grants to $3,594 for the first year and $3,710 for the second year.

The HECB may use up to $250,000 of the appropriation in each year to provide grants for Minnesota resident students participating in the Akita program. Grants must be awarded on the same basis as other state grants, except that the cost of attendance shall be adjusted to incorporate the state university tuition level and the Akita fee level. An individual grant must not exceed the state grant maximum award for a student at a four-year private college.

$2,000,000 each year is for child care grants. For the biennium, the board may determine a reasonable percentage of the appropriation to be used for the administrative costs of the agency.

	1992	1993
	$	$

The HECB shall study the use of the grants to dislocated rural workers to determine whether the grants are efficiently managed, and whether they provide for educational opportunities that would not otherwise be available. The board shall report its recommendations on the future of this program to the education divisions of the appropriations and finance committees by January 15, 1992.

Subd. 4. Interstate Tuition Reciprocity

$5,050,000 $5,050,000

Subd. 5. State Work Study

$5,454,000 $5,454,000

Subd. 6. Income Contingent Loans

The HECB shall administer an income contingent loan repayment program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, chiropractic medicine, public health, and veterinary medicine, and Minnesota residents graduating from optometry and osteopathy programs. During the biennium, applicant data collected by the higher education coordinating board for this program may be disclosed to a consumer credit reporting agency under the same conditions as apply to the supplemental loan program according to Minnesota Statutes, section 136A.162.

Subd. 7. Minitex Library Program

$1,083,000 $1,083,000

Subd. 8. Average Cost Funding Task Force

The average cost funding task force shall determine uniform definitions of

	1992	1993
	$	$

terms that are related to funding including extension, continuing education, continuous enrollment, campuses, centers, sites, on-campus, off-campus, credit, noncredit, remedial, and college level. The task force shall report its recommendations to the education divisions of the appropriations and finance committees by February 1, 1992.

Subd. 9. An unencumbered balance in the first year under a subdivision in this section does not cancel but is available for the second year.

Subd. 10. The higher education coordinating board may transfer unencumbered balances from the appropriations in this section to the state grant appropriation and the interstate tuition reciprocity appropriation. Before the transfer, the higher education coordinating board shall consult with the chairs of the house appropriations and senate finance committees.

Sec. 3. STATE BOARD OF TECHNICAL COLLEGES

Subdivision 1. Total Appropriation	$165,466,000	$165,061,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be $224,695,000 the first year and $226,420,000 the second year.

For the biennium, the maximum full year equivalent enrollment for the purpose of calculating the state portion of instructional cost shall be 32,420. If the actual enrollment exceeds this number,

	1992	1993
	$	$

those students shall be supported by tuition revenue only.

$34,553,000 in each year is for extension programs. The legislature intends that this appropriation be used primarily to support occupational programs, particularly those from which credits may be transferred to continuous enrollment programs. This appropriation is intended to cover all direct and indirect costs associated with extension. The state board shall report on its fully allocated expenditures by February 1 of each year of the biennium.

$10,000,000 in each year is for instructional equipment.

$525,000 in each year is for library development and acquisitions.

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be $2,092,000 the first year and $1,546,000 the second year.

$1,057,000 the first year and $511,000 the second year are for debt service payments to school districts for technical college buildings financed with district bonds issued before January 1, 1979.

Subd. 4. Federal Funds

For fiscal year 1992, the state board shall allocate 12.75 percent of the federal funds received from the Carl D. Perkins Vocational and Applied Technology Education Act of 1990, to the state board of education for the purpose of supporting secondary vocational technical education programs and services. The state board for technical col-

	1992	1993
	$	$
leges and the state board of education must establish a process for allocating the Carl D. Perkins funds in future years and report that process to the education, appropriations, and finance committees.		
Subd. 5. State Council on Vocational Technical Education		
$99,000 in each year must be allocated by the state board to the state council on vocational education.		
Sec. 4. STATE BOARD FOR COMMUNITY COLLEGES		
Subdivision 1. Total Appropriation	$98,338,000	$99,525,000
The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.		
Subd. 2. Instructional Expenditures		
The legislature estimates that instructional expenditures will be $131,892,000 the first year and $134,564,000 the second year.		
For the biennium, the maximum full year equivalent enrollment for the purpose of calculating the state portion of instructional cost shall be 30,862. If the actual enrollment exceeds this number, those students shall be supported by tuition revenue only.		
$907,570 in each year is for library acquisitions.		
$3,568,400 in each year is for instructional equipment.		
To assist students in timely completion, the community college system shall consider alternatives to the elimination of summer session and report its		

	1992	1993
	$	$
recommendations to the education divisions of the appropriations and finance committees by February 1, 1992.		
The community college system shall develop and implement a plan that results in equity in funding between a legislatively approved center and its main campus.		
Subd. 3. Noninstructional Expenditures		
The legislature estimates that noninstructional expenditures will be $14,535,000 the first year and $14,535,000 the second year.		
Sec. 5. STATE UNIVERSITY BOARD		
Subdivision 1. Total Appropriation	$180,966,900	$177,498,000
The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.		
Subd. 2. Instructional Expenditures		
The legislature estimates that instructional expenditures will be $251,274,100 the first year and $249,990,100 the second year.		
For the biennium, the maximum full year equivalent enrollment for the purpose of calculating the state portion of instructional cost shall be 51,429. If the actual enrollment exceeds this number, those students shall be supported by tuition revenue only.		
$2,613,000 in each year is for library acquisitions.		
$8,400,230 in each year is for instructional equipment.		

	1992	1993
	$	$
Subd. 3. Noninstructional Expenditures		
The legislature estimates that noninstructional expenditures will be $14,359,000 the first year and $14,359,000 the second year.		
Sec. 6. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA		
Subdivision 1. Total Appropriation	$446,514,800	$449,744,500
The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.		
Subd. 2. Operations and Maintenance	$363,276,500	$366,506,100
On December 1 each year the president of the University of Minnesota shall report to the senate finance and house appropriations committees and the commissioner of finance any receipts for the previous fiscal year in excess of the estimates on which these appropriations are based, the sources of these receipts, the purposes for which any excess receipts were spent, and the accounts to which the receipts were transferred. The total estimated receipts are $142,038,800 for the first year and $142,838,400 for the second year.		
(a) Instructional Expenditures		
The legislature estimates that instructional expenditures in this subdivision will be $381,252,300 the first year and $385,281,500 the second year.		
$4,135,100 in each year is for library acquisitions.		
$9,181,900 in each year is for instructional equipment.		

	1992	1993
	$	$
Enrollment in the continuing education/extension and summer school cells for average cost funding calculations for fiscal year 1992 shall not exceed enrollment in these cells in fiscal year 1991.		
(b) Noninstructional Expenditures		
The legislature estimates that noninstructional expenditures will be $124,063,000 the first year and $124,063,000 the second year.		
Subd. 3. Special Appropriations	$83,238,300	$83,238,300
The amounts expended for each program in the four categories of special appropriations shall be separately identified in the 1993 biennial budget document.		
(a) Agriculture and Extension Service		
$44,593,100	$44,593,100	
This appropriation is for the Agriculture Research and Minnesota Extension Service.		
Any salary increases granted by the university to personnel paid from the Minnesota Extension appropriation must not result in a reduction of the county portion of the salary payments.		
During the biennium, the university shall maintain an advisory council system for each experiment station. The advisory councils must be broadly representative of range of size and income distribution of farms and agribusinesses and must not disproportionately represent those from the upper half of the size and income distributions.		

	1992	1993
	$	$
(b) Health Sciences		
	$17,391,600	$17,391,600

This appropriation is for Indigent Patients (County Papers), Rural Physicians Associates Program, Medical Research, Special Hospitals Service and Educational Offset, the Veterinary Diagnostic Laboratory, Institute for Human Genetics, and the Biomedical Engineering Center.

(c) Institute of Technology		
	$3,605,200	$3,605,200

This appropriation is for the Mineral Resources Research Center, Geological Survey, Underground Space Center, Talented Youth Mathematics Program, Microelectronics and Information Science Center, and the Productivity Center.

(d) System Specials		
	$19,602,400	$19,602,400

This appropriation is for Fellowships for Minority and Disadvantaged Students, General Research, Intercollegiate Athletics, Student Loans Matching Money, Industrial Relations Education, Natural Resources Research Institute, Sea Grant College Program, Biological Process Technology Institute, Supercomputer Institute, Center for Urban and Regional Affairs, Museum of Natural History, and the Humphrey Exhibit.

This appropriation includes money to improve the programs and resources available to women and to ensure that campuses are in compliance with Title IX of the Educational Amendment Act of 1972 and Minnesota Statutes, section 126.21. The women's athletic program shall be funded by the formula

	1992	1993
	$	$

allowance or a minimum of $65,000 per campus per year. Each campus will receive the greater of the two calculations.

Of this appropriation, no less than the following amounts must be allocated to each campus:

Duluth	$551,600	$551,600
Morris	$66,100	$66,100
Crookston	$65,000	$65,000
Waseca	$65,000	

Subd. 4. Base Reductions

The special appropriations in subdivision 3 shall be reduced by $1,954,000 each year.

Sec. 7. MAYO MEDICAL FOUNDATION

Subdivision 1. Total Appropriation	$1,019,900	$999,900

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Medical School

$731,100	$711,100

The state of Minnesota shall pay a capitation of $9,875 the first year and $9,875 the second year for each student who is a resident of Minnesota.

This appropriation provides capitation for 20 Minnesota residents in each of the four classes at Mayo Medical School. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations.

	1992	1993
	$	$

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

$288,800	$288,800

The state of Minnesota shall pay a capitation of $16,000 the first year and $16,000 the second year for a maximum of 18 students each year.

Sec. 8. POST-SECONDARY SYSTEMS

The legislature intends that tuition increases that are adopted by any of the public post-secondary governing boards to offset reductions in appropriations will be temporary and shall not indicate a change in the state's funding policy.

Each governing board must apply budget reductions to central administration in at least the same proportion as they apply them to instructional expenditures.

The legislature intends that future increases in complement for central administration be submitted to the legislature for approval. The governing boards of the state universities, community colleges, and technical colleges shall include this in their biennial budget requests. The board of regents is requested to submit its increases in complement as part of its biennial budget requests.

ARTICLE 2

CAPITAL IMPROVEMENTS

Section 1. [APPROPRIATIONS.]

The sums in the column marked "APPROPRIATIONS" are appropriated from the bond proceeds fund, or other named fund, to the state agencies indicated, to be spent to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this article.

APPROPRIATIONS

Sec. 2. TECHNICAL COLLEGES

Subdivision 1. To the state board of technical colleges for the purposes specified in this section $ 1,393,000

The state board shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Notwithstanding Minnesota Statutes, section 136C.44, during the biennium the state board of technical colleges must not make grants to school districts but shall directly supervise and control the preparation of plans and specifications to construct, alter, or enlarge the technical college buildings and structures, and for improvements provided in this section.

During the biennium, the state board of technical colleges shall advertise for bids and award contracts in connection with the improvements, 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.

During the biennium, the state board may delegate the authority provided in this section to the campus president for capital repair and replacement projects with a total cost of less than $50,000, if the state board determines that the projects can be efficiently managed at the campus level.

Plans must be paid for out of this appropriation. The remainder of the appropriation must not be spent until the board has secured suitable plans and specifications, prepared by a competent architect or engineer. The plans and specifications must be accompanied by a detailed statement of the cost, quality, and description of all material and labor required for the completion of the work. No plan may be adopted, no improvement made, and no building constructed that entails the expenditure of more money than the appropriation for the project, unless otherwise provided in this article.

The state board of technical colleges may delegate responsibilities under this section to technical college staff.

Subd. 2. Capital Improvements $ 1,393,000

This appropriation is for capital improvement grants to school districts for life safety projects at technical college campuses, including fuel tank removal and replacement, PCB removal, asbestos removal, handicapped access, emergency lighting, steam pipes, and capital code compliance. In the event that the state board spends any of this appropriation on fuel tanks, the board shall report on its reimbursement efforts to the appropriations and finance committees.

Subd. 3. Moorhead Technical College

Independent school district No. 152, Moorhead Technical College, may spend up to $350,000 to construct class-

room and related space for farm business, small business, and other management programs at Moorhead Technical College. The expenditure must be made entirely from local money.

Subd. 4. Northeast Metro Technical College

Intermediate school district No. 916, Northeast Metro Technical College, may spend up to $325,500 to construct a media center and to make electrical and mechanical renovations at Northeast Metro Technical College. The expenditure must be made entirely from local money.

Subd. 5. Detroit Lakes Technical College

The commissioner of finance shall give priority funding to the Detroit Lakes Technical College building project authorized by Laws 1990, chapter 610, article 1, section 2, subdivision 7, in the event that cashflows for currently authorized projects recommended by the Governor are modified, suspended, or delayed resulting in additional funds for debt service within the limits appropriated for the biennium ending June 30, 1993.

Sec. 3. COMMUNITY COLLEGES

Subdivision 1. To the commissioner of administration for the purposes specified in this section $ 2,575,000

Notwithstanding Minnesota Statutes, section 16B.24, subdivision 2, the state board for community colleges shall supervise and control necessary capital repairs to all community college buildings and structures during the biennium.

The state board shall report to the house appropriations and senate fi-

nance committees by January 15 of each year on the status of the capital improvement projects in this section.

Subd. 2. Systemwide Capital Improvements $ 2,575,000

This appropriation is for capital improvements at community colleges for life safety projects and continued maintenance requirements, including code compliance, handicapped access, improving mechanical systems, heating and ventilation, energy management upgrading, replacing water mains, paving parking surfaces, and emergency lighting.

Sec. 4. STATE UNIVERSITIES

Subdivision 1. To the state university board for the purposes specified in this section $ 5,155,000

Notwithstanding Minnesota Statutes, sections 16B.30 and 16B.31, during the biennium, the state university board shall supervise and control the preparation of plans and specifications for the construction, alteration, or enlargement of state university buildings and structures, and for improvements provided in this section. The board shall advertise for bids and award contracts in connection with the improvements, 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.

Plans must be paid for out of this appropriation. The remainder of the appropriation must not be spent until the board has secured suitable plans and specifications, prepared by a competent architect or engineer. The plans and specifications must be accompanied by a detailed statement of the cost, quality, and description of all material

and labor required for the completion of the work. No plan may be adopted, no improvement made, and no building constructed that entails the expenditure of more money than the appropriation for the project, unless otherwise provided in this article.

The board shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Notwithstanding Minnesota Statutes, section 16B.24, subdivision 2, the state university board shall supervise and control necessary repairs to all state university buildings and structures during the biennium.

Subd. 2. Systemwide Capital Improvements $ 215,000

This appropriation is for capital improvements on state university campuses for hazardous materials abatement.

Subd. 3. Mankato Campus $ 1,340,000

This appropriation is for utility tunnel upgrade.

Of the money appropriated in Laws 1990, chapter 610, article 1, section 4, subdivision 3, paragraph (a), to provide for heating plant rehabilitation at the Mankato campus, $1,500,000 may be used to install a campus chilled water system. The existing heating plant shall be expanded to accommodate the rehabilitation and the chilled water system.

Subd. 4. Moorhead Campus $ 3,600,000

This appropriation is to rehabilitate the heating plant, restore the heating system, and enable it to meet future

steam demands in accord with a recent engineering study.

Subd. 5. St. Cloud Campus

Notwithstanding Minnesota Statutes, chapter 16B, for fiscal year 1992, the St. Cloud State University Foundation Incorporated may construct an addition to the existing business education building, a state-owned building located on the St. Cloud State University campus. The foundation may provide initial funds to the state university board to contract for design and construction. The state university board shall supervise and control the preparation of plans and specifications for the construction of the building addition. The building addition shall be leased and then donated to St. Cloud State University, subject to the approval of the board. The term of the lease shall not exceed five years. The board shall have approval authority for the design and lease. Title to the building shall pass to the state immediately upon donation or when all the terms of the lease have been met. Prior to the design, construction, or lease, the board shall report its plans to the chairs of the senate finance and house appropriations committees.

Notwithstanding Minnesota Statutes, chapter 94, the state university board may enter into an agreement with the city of St. Cloud to exchange parcels of land. The conveyances must be made for no monetary consideration and by quitclaim deed in a form approved by the attorney general. Before the conveyances, the state university board and the city of St. Cloud shall enter an agreement on temporary easements on the parcels of land to be exchanged.

Sec. 5. UNIVERSITY OF MINNESOTA

Subdivision 1. To the regents of the University of Minnesota for the purposes specified in this section $ 1,925,000

The regents shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Subd. 2. Systemwide Capital Improvements $ 1,925,000

This appropriation is for capital improvements on University of Minnesota campuses for life safety projects, including code compliance, handicapped access, fuel tank removal and replacement, and asbestos removal. In the event that the board of regents spends any of this appropriation on fuel tanks, the board shall report on its reimbursement efforts to the appropriations and finance committees.

Sec. 6. [BOND SALE.]

To provide the money appropriated in this article from the state bond proceeds fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to $11,048,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 7. [EFFECTIVE DATE.]

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

ARTICLE 3

PEACE OFFICER TRAINING

Section 1. Minnesota Statutes 1990, section 626.84, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of sections 626.84 to 626.863, the following terms have the meanings given them:

(a) "Board" means the board of peace officer standards and training.

(b) "Director" means the executive director of the board.

(c) "Peace officer" means an employee or an elected or appointed official of a political subdivision or law enforcement agency who is licensed by the board, charged with the prevention and detection of crime and the enforcement of the general criminal laws of the state and who has the full power of arrest, and shall also include the Minnesota state patrol, agents of the division of gambling enforcement, and state conservation officers.

(d) "Constable" has the meaning assigned to it in section 367.40.

(e) "Deputy constable" has the meaning assigned to it in section 367.40.

(f) "Part-time peace officer" means an individual licensed by the board whose services are utilized by law enforcement agencies no more than an average of 20 hours per week, not including time spent on call when no call to active duty is received, calculated on an annual basis, who has either full powers of arrest or authorization to carry a firearm while on active duty. The term shall apply even though the individual receives no compensation for time spent on active duty, and shall apply irrespective of the title conferred upon the individual by any law enforcement agency. The limitation on the average number of hours in which the services of a part-time peace officer may be utilized shall not apply to a part-time peace officer who has formally notified the board pursuant to rules adopted by the board of the part-time peace officer's intention to pursue the specialized training for part-time peace officers who desire to become peace officers pursuant to sections 626.843, subdivision 1, clause (g), and 626.845, subdivision 1, clause (g).

(g) "Reserve officer" means an individual whose services are utilized by a law enforcement agency to provide supplementary assistance at special events, traffic or crowd control, and administrative or clerical assistance. A reserve officer's duties do not include enforcement of the general criminal laws of the state, and the officer does not have full powers of arrest or authorization to carry a firearm on duty.

(h) "Law enforcement agency" means a unit of state or local government that is authorized by law to grant full powers of arrest and to charge a person with the duties of preventing and detecting crime and enforcing the general criminal laws of the state.

(i) "Professional peace officer education" means a post-secondary degree program, or a nondegree program for persons who already have a college degree, that is offered by a college or university in Minnesota, designed for persons seeking licensure as a peace officer, and approved by the board.

Sec. 2. [626.856] [SCHOOL OF LAW ENFORCEMENT.]

By July 1, 1992, the state university system shall develop a school of law enforcement in the metropolitan area, as defined in section 473.121, subdivision 2, whose mission is to advance the profession of law enforcement. The school may offer professional peace officer education, graduate degree programs, and peace officer continuing education programs, and may conduct applied research.

Sec. 3. [626.857] [ADVISORY COUNCIL.]

An advisory council of no more than 12 members is established consisting of law enforcement faculty and administrators, peace officers, police chiefs, sheriffs, and citizens. The state university board, the community college board, and the technical college board shall each appoint four members. The advisory council shall meet at least once each year to advise the post-secondary systems regarding professional peace officer education. The advisory council shall include women and members of minority groups. The advisory council shall expire on June 30, 1993.

Sec. 4. [TASK FORCE.]

Subdivision 1. [CREATION.] A task force is created to improve the quality and delivery of law enforcement education, and to more clearly define the mission of each post-secondary system in this delivery. The task force shall consist of a representative of the community college system, the technical college system, the state university system, private colleges offering professional peace officer education, the higher education coordinating board, and the advisory council established in section 3. The executive director of the peace officer standards and training board shall chair the task force.

Subd. 2. [ACTIONS.] By January 1, 1992, the task force shall develop and implement actions to:

(1) recruit and retain women and minorities in professional peace officer education;

(2) increase the amount of general education in the professional peace officer education program for associate degrees, to allow for maximum credit transfer from community colleges and technical colleges; and

(3) provide information to students enrolling in professional peace officer education concerning transferability of credits and the peace officer licensing process, and develop a form that the students must sign that acknowledges receipt of the information.

Subd. 3. [PLAN FOR PILOT PROJECT.] The task force shall develop a plan for a pilot project for an integrated peace officer education program in the metropolitan area to be implemented by the beginning of the 1992-1993 academic year. The pilot shall provide for the needs of students seeking associate and baccalaureate degrees. It shall include general education and integrated professional peace officer education which is appropriately managed and located. Upon appointment by the state university board, the director of the school of law enforcement shall serve as the coordinator of the pilot project and shall work with the task force in developing and implementing the pilot.

Subd. 4. [REPORTS.] The task force shall report on its actions and its progress in developing its plans by February 1, 1992, to the higher education policy and funding divisions of the legislature.

Sec. 5. [REPEALER.]

Minnesota Statutes 1990, section 626.86, is repealed.

ARTICLE 4

ACADEMIC EXCELLENCE SCHOLARSHIP

Section 1. [135A.30] [MINNESOTA ACADEMIC EXCELLENCE SCHOLARSHIP.]

Subdivision 1. [CREATION.] The Minnesota academic excellence scholarship program is created to reward students who have demonstrated outstanding ability, achievement, and potential in one of the following subjects: English/creative writing, fine arts, foreign language, math, science, or social science.

Subd. 2. [ELIGIBILITY.] To be eligible to receive a scholarship under this section, a student must:

(1) graduate from a Minnesota public or nonpublic high school in the academic year in which the scholarship is awarded;

(2) successfully complete a college preparatory curriculum and demonstrate outstanding ability, achievement, and potential in one of the specified subjects;

(3) be admitted to enroll full time in a nonsectarian, baccalaureate degree-granting program at the University of Minnesota or at a Minnesota state university, or at a Minnesota private, baccalaureate degree-granting college or university; and

(4) pursue studies in the subject for which the award is made.

Subd. 3. [SELECTION OF RECIPIENTS.] The governing board of an eligible institution shall determine, in consultation with its campuses, application dates and procedures, criteria to be considered, and methods of selecting students to receive scholarships. A campus, with the approval of its governing board, may award a scholarship in any of the specified fields of study (1) in which the campus offers a program that is of the quality and rigor to meet the needs of the talented student, and (2) that is pertinent to the mission of the campus.

Subd. 4. [AMOUNT OF SCHOLARSHIP.] The amount of the scholarship must be (1) at public institutions, the cost of tuition and fees for full-time attendance for one academic year, or (2) at private institutions, an amount equal to the lesser of the actual tuition and fees charged by the institution or the tuition and fees in comparable public institutions. Scholarships awarded under this section must not be considered in determining a student's financial need as provided in section 136A.101, subdivision 5.

Subd. 5. [RENEWALS.] The scholarship shall be renewed yearly, for up to three additional academic years, if the student:

(1) maintains full-time enrollment with a grade point average of at least 3.0 on a four point scale;

(2) pursues studies and continues to demonstrate outstanding ability, achievement, and potential in the field for which the award was made; and

(3) is achieving satisfactory progress toward a degree.

Subd. 6. [NUMBER OF AWARDS.] The number of scholarships awarded each year shall be determined by the amount of money available in the scholarship account, as provided in section 168.129, subdivision 6, that is credited to a post-secondary institution or system through sales of its license plates. The number of new awards must be determined after subtracting the actual and projected amount necessary for renewals.

Subd. 7. [DISTRIBUTION AMONG CAMPUSES.] Post-secondary systems with more than one campus shall allocate at least three-fourths of the revenue available from the sale of license plates to the campuses to which the revenue is attributable. The governing board annually shall determine the distribution of the remaining portion among the campuses, after consideration of special needs or circumstances.

Subd. 8. [ADDITIONAL CONTRIBUTIONS.] A post-secondary system or campus may accept contributions, beyond those raised

through the sale of license plates, to supplement the campus fund for academic excellence scholarships.

Sec. 2. [168.129] [SPECIAL COLLEGIATE LICENSE PLATES.]

Subdivision 1. [GENERAL REQUIREMENTS AND PROCEDURES.] The commissioner of public safety shall issue special collegiate license plates to an applicant who:

(1) is an owner or joint owner of a passenger automobile, pickup truck, or van;

(2) pays a fee determined by the commissioner to cover the costs of handling and manufacturing the plates;

(3) pays the registration tax required under section 168.12;

(4) pays the fees required under this chapter;

(5) contributes at least $100 to the scholarship account established in subdivision 6; and

(6) complies with laws and rules governing registration and licensing of vehicles and drivers.

Subd. 2. [DESIGN.] After consultation with each participating college, university or post-secondary system, the commissioner shall design the special collegiate plates.

In consultation with the commissioner, a participating college or university annually shall indicate the anticipated number of plates needed.

Subd. 3. [NO REFUND.] Contributions under this section must not be refunded.

Subd. 4. [PLATE TRANSFERS.] Notwithstanding section 168.12, subdivision 1, on payment of a transfer fee of $5, plates issued under this section may be transferred to another passenger vehicle, pickup, or van owned or jointly owned by the person to whom the special plates were issued.

Subd. 5. [FEES CREDITED.] The fees collected under this section must be deposited in the state treasury and credited to the highway user tax distribution fund. Fees collected under this section do not include the contributions collected for the scholarship account.

Subd. 6. [SCHOLARSHIP ACCOUNT.] A scholarship account is created in the state treasury. Except for one percent that may be retained by the commissioner of public safety for administrative

costs, all contributions received under this section must be deposited by the commissioner in the scholarship account. Money in the scholarship account is appropriated to the governing board of the institution to which it is attributable, as provided in subdivision 7.

Subd. 7. [RECORD.] The commissioner shall maintain a record of the number of license plates issued for each post-secondary institution or system in order to determine the amount of scholarship funds available to that institution or system.

Sec. 3. [GOVERNING BOARD DUTIES.]

The board of regents of the University of Minnesota, the state university board, and the governing boards of eligible private colleges and universities are requested to cooperate with the higher education coordinating board, the Minnesota academic excellence foundation, public and nonpublic Minnesota high schools, and school districts to publicize the availability of the scholarships and to identify qualified students.

Sec. 4. [EFFECTIVE DATES.]

Section 1 is effective for high school graduates beginning in the 1991-1992 school year. Section 2 is effective for vehicle registrations after June 30, 1991.

ARTICLE 5

FINANCIAL AID

Section 1. Minnesota Statutes 1990, section 136A.101, subdivision 7, is amended to read:

Subd. 7. "Student" means a person who is enrolled at least half time~~, as defined by the board,~~ in a program or course of study that applies to a degree, diploma, or certificate, except that for purposes of section 136A.132, student may include a person enrolled for at least three quarter or semester credits or the equivalent but less than half time.

Sec. 2. Minnesota Statutes 1990, section 136A.101, is amended by adding a subdivision to read:

Subd. 7a. "Full time" means enrollment in a minimum of 15 quarter or semester credits or the equivalent.

Sec. 3. Minnesota Statutes 1990, section 136A.101, is amended by adding a subdivision to read:

Subd. 7b. "Half time" means enrollment in a minimum of eight quarter or semester credits or the equivalent.

Sec. 4. Minnesota Statutes 1990, section 136A.101, is amended by adding a subdivision to read:

Subd. 10. "Satisfactory academic progress" means that at the end of each academic year during which a grant was awarded, a student has achieved a cumulative grade point average of at least 2.0 on a four point scale or its equivalent, and has completed at least 75 percent of the credits attempted.

Sec. 5. Minnesota Statutes 1990, section 136A.121, subdivision 6, is amended to read:

Subd. 6. [COST OF ATTENDANCE.] The cost of attendance consists of allowances specified by the board for room and board and miscellaneous expenses, and

(1) for public institutions, tuition and fees charged by the institution; or

(2) for private institutions, an allowance for tuition and fees equal to the lesser of the actual tuition and fees charged by the institution, or the instructional costs per full-year equivalent student in comparable public institutions.

For students attending less than full time, the board shall prorate the cost of attendance.

Sec. 6. Minnesota Statutes 1990, section 136A.121, subdivision 11, is amended to read:

Subd. 11. [RENEWAL CONDITIONS.] Each grant is renewable, contingent on continued residency in Minnesota, satisfactory academic ~~standing~~ progress, recommendation of the eligible institution currently attended, and evidence of continued need.

Sec. 7. Minnesota Statutes 1990, section 136A.121, subdivision 16, is amended to read:

Subd. 16. [HOW APPLIED; ORDER.] Grants awarded under sections ~~136A.095 to 136A.131~~ 136A.121 and 136A.132 to 136A.1354 must be applied to educational costs in the following order: tuition, fees, books, supplies, and other expenses. Unpaid portions of the awards revert to the grant account.

Sec. 8. Minnesota Statutes 1990, section 136A.125, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE STUDENTS.] An applicant is eligible for a child care grant if the applicant:

(1) is a resident of the state of Minnesota;

(2) has a child 12 years of age or younger, or 14 years of age or younger who is handicapped as defined in section 120.03, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;

(3) is within the sliding fee scale income guidelines set under section 256H.10, subdivision 2, as determined by a standardized financial aid needs analysis in accordance with the board's policies and rules, but is not a recipient of aid to families with dependent children;

(4) has not earned a baccalaureate degree and has been enrolled full time less than eight semesters, 12 quarters, or the equivalent;

(5) is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate;

(6) is enrolled at least half time in an eligible institution; and

(7) is in good academic standing and making satisfactory academic progress~~, as determined by the institution~~.

Sec. 9. Minnesota Statutes 1990, section 136A.125, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE INSTITUTION.] A Minnesota public postsecondary institution or a private, ~~residential, two-year or four-year, liberal arts,~~ baccalaureate degree granting college or university located in Minnesota is eligible to receive child care funds from the board and disburse them to eligible students.

Sec. 10. Minnesota Statutes 1990, section 136A.125, subdivision 4, is amended to read:

Subd. 4. [AMOUNT AND LENGTH OF GRANTS.] The amount of a child care grant must be based on:

(1) the financial need of the applicant;

(2) the number of the applicant's children; and

(3) the cost of the child care,

as determined by the institution in accordance with board policies and rules. The amount of the grant must cover the cost of child care for all eligible children for the full number of hours of education per week and may cover up to 20 hours per week of employment for which child care is needed. The grant must be awarded for one academic year. The minimum financial stipend is $100.

Sec. 11. Minnesota Statutes 1990, section 136A.125, is amended by adding a subdivision to read:

Subd. 4a. [RATES CHARGED.] Child care providers may not charge students receiving grants under this section a rate that is higher than the rate charged to private paying clients.

Sec. 12. Minnesota Statutes 1990, section 136A.125, subdivision 6, is amended to read:

Subd. 6. [YEARLY ALLOCATIONS TO INSTITUTIONS.] The board shall base yearly allocations on the need for ~~and use of the~~ funds ~~in the last academic year, and other~~ using relevant factors as determined by the board in consultation with the institutions. Up to five percent of the allocation, as determined by the board, may be used for an institution's administrative expenses. Any funds designated, but not used, for this purpose must be reallocated to child care grants.

Sec. 13. [136A.1311] [CASH FLOW.]

The higher education coordinating board may ask the commissioner of finance to lend general fund money to the grant account to ease cash flow difficulties. The higher education coordinating board must first certify to the commissioner that there will be adequate refunds to the account to repay the loan. The commissioner shall use the refunds to make repayment to the general fund of the full amount loaned. Money necessary to meet cash flow difficulties in the state grant program is appropriated to the commissioner of finance for loans to the higher education coordinating board.

Sec. 14. Minnesota Statutes 1990, section 136A.132, subdivision 3, is amended to read:

Subd. 3. [STUDENT ELIGIBILITY.] An applicant is eligible to be considered for a part-time student grant if the applicant:

(1) is a resident of the state of Minnesota;

(2) is an undergraduate student who has not earned a baccalaureate degree;

(3) is pursuing a program or course of study that applies to a degree, diploma, or certificate;

(4) is attending an eligible institution either less than half time ~~as defined by the board,~~ or as a new or returning student enrolled at least half time but less than full time ~~as defined by the board~~; and

(5) is not in default, as defined by the board, of any federal or state student educational loan.

Sec. 15. Minnesota Statutes 1990, section 136A.132, subdivision 5, is amended to read:

Subd. 5. [AMOUNT.] The amount of any part-time student grant award must be based on the need of the applicant determined by the institution in accordance with policies and rules established by the higher education coordinating board. The minimum financial stipend is $100.

Sec. 16. Minnesota Statutes 1990, section 136A.132, subdivision 6, is amended to read:

Subd. 6. [LENGTH OF AWARD.] Part-time student grants must be awarded for a single term as defined by the institution in accordance with guidelines and policies of the higher education coordinating board. Awards are not renewable, but the recipient of an award may apply for additional awards for subsequent terms contingent on continued eligibility, need, and satisfactory academic progress.

A new or returning student enrolled at least half time but less than full time~~, as defined by the board,~~ and pursuing a program or course of study that applies to a degree, diploma, or certificate is eligible for an award for only one term.

Sec. 17. Minnesota Statutes 1990, section 136A.1352, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The higher education coordinating board shall provide grants to students who are entering or enrolled in registered nurse or licensed practical nurse programs, who have no previous nursing training or education, and who agree to practice in a designated rural area, as defined by the board.

Sec. 18. Minnesota Statutes 1990, section 136A.1353, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools, colleges, or

programs of nursing applying to participate in the nursing grant program based on the last academic year's enrollment of students in educational programs that would lead to licensure as a ~~licensed practical~~ registered nurse. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools, colleges, or programs of nursing. Initial applications are due by January 1, 1991, and by January 1 of each later year. By March 1, 1991, and by March 1 of each later year, the board shall notify each applicant school, college, or program of nursing of its approximate allocation of funds in order to allow the school, college, or program to determine the number of students that can be supported by the allocation. The board shall distribute funds to the schools, colleges, or programs of nursing by August 1, 1991, and by August 1 of each later year.

Sec. 19. Minnesota Statutes 1990, section 136A.1355, subdivision 1, is amended to read:

Subdivision 1. [CREATION OF ACCOUNT.] A rural physician education account is established. The higher education coordinating board shall use money from the account to establish a loan forgiveness program for medical students agreeing to practice in designated rural areas, as defined by the board.

Sec. 20. Minnesota Statutes 1990, section 136A.233, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS.] Work-study payments shall be made to eligible students by post-secondary institutions as provided in this subdivision.

(a) Students shall be selected for participation in the program by the post-secondary institution on the basis of student financial need.

(b) No eligible student shall be employed under the state work-study program while not a full-time student; provided, with the approval of the institution, a full-time student who becomes a part-time student during an academic year may continue to be employed under the state work-study program for the remainder of the academic year.

(c) Students will be paid for hours actually worked and the maximum hourly rate of pay shall not exceed the maximum hourly rate of pay permitted under the federal college work-study program.

(d) Minimum pay rates will be determined by an applicable federal or state law.

(e) Not less than ~~20~~ 30 percent of the compensation paid to the

student under the state work-study program shall be paid by the eligible employer.

(f) Each post-secondary institution receiving funds for state work-study grants shall make a reasonable effort to place work-study students in employment with eligible employers outside the institution.

(g) The percent of the institution's work-study allocation provided to graduate students shall not exceed the percent of graduate student enrollment at the participating institution.

Sec. 21. Minnesota Statutes 1990, section 299A.45, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Following certification under section 299A.44 and compliance with this section and rules of the commissioner of public safety and the higher education coordinating board, dependent children less than 23 years of age and the surviving spouse of a public safety officer killed in the line of duty on or after January 1, 1973, are eligible to receive educational benefits under this section. To qualify for an award, they must be enrolled in undergraduate degree or certificate programs after June 30, 1990, at a Minnesota public post-secondary institution or a private, ~~residential, two-year or four-year, liberal arts,~~ baccalaureate degree granting college or university located in Minnesota. Persons who have received a baccalaureate degree or have been enrolled full time or the equivalent of eight semesters or 12 quarters, whichever occurs first, are no longer eligible.

Sec. 22. [CHILD CARE INNOVATION GRANTS.]

Subdivision 1. [PROGRAM.] The higher education coordinating board shall establish a grant program to encourage innovative approaches in providing or financing child care services to post-secondary students.

Subd. 2. [QUALIFICATIONS.] Grants may be awarded to the governing board of a post-secondary system, to a specific college campus or organization, or to a private, nonprofit organization. No grant may exceed $25,000.

Subd. 3. [APPLICATIONS.] The board shall determine procedures to solicit and evaluate proposals and to award grants. The board must consider the way in which a proposal would aid students needing child care, considering the limited funds available for the state child care grant program. The grants may also fund programs to assure that child care funding and delivery is part of a student's overall package of support services.

The board must not award a grant unless the proposal demonstrates a strong likelihood that the value of the services to be generated as a result of the grant substantially exceeds the amount of the grant.

Subd. 4. [REPORT.] The higher education coordinating board shall report to the appropriations and finance committees on its distribution of the grants by February 1, 1992. The board shall evaluate the projects and make its final report by January 1, 1993.

Sec. 23. [REPEALER.]

Minnesota Statutes 1990, section 136A.1351, is repealed.

Sec. 24. [EFFECTIVE DATE.]

Sections 2 and 3 are effective July 1, 1992. Section 22 is effective the day following final enactment.

ARTICLE 6

ENROLLMENT AND FUNDING

Section 1. Minnesota Statutes 1990, section 135A.03, subdivision 3, is amended to read:

Subd. 3. [DETERMINATION OF STUDENT ENROLLMENT.] Student enrollment shall be the full-year equivalent or average daily membership enrollment in each instructional category in the fiscal year two years before the fiscal year for which the appropriations are being made, except as provided in subdivision 3a. Student enrollment for the purpose of calculating appropriations for the second year of the biennium may be estimated on the basis of the latest enrollment data available. Student enrollment shall include students enrolled in courses that award credit or otherwise satisfy any of the requirements of an academic or vocational program.

Sec. 2. Minnesota Statutes 1990, section 135A.03, is amended by adding a subdivision to read:

Subd. 3a. [EXCLUSIONS FROM ENROLLMENT.] Student enrollment for the purposes of average cost funding shall not include:

(1) any students, except those enrolled in programs that lead to a doctoral level degree, who do not meet the residency criteria established under subdivision 7;

(2) except at the technical colleges, enrollment at an off-campus site or center that is not specifically authorized by the legislature;

(3) enrollment in extension at the technical colleges;

(4) students concurrently enrolled in a secondary school for whom the institution is receiving any compensation under the post-secondary enrollment options act; and

(5) students enrolled in recreational or leisure-time activity courses, except for those students enrolled in a degree-granting program for whom the credits would apply toward a baccalaureate degree.

Sec. 3. Minnesota Statutes 1990, section 135A.03, is amended by adding a subdivision to read:

Subd. 7. [RESIDENCY RESTRICTIONS.] In calculating student enrollment for appropriations, only the following may be included:

(1) students who resided in the state for at least one calendar year prior to applying for admission;

(2) Minnesota residents who can demonstrate that they were temporarily absent from the state without establishing residency elsewhere; and

(3) residents of other states who are attending a Minnesota institution under a tuition reciprocity agreement.

Sec. 4. Laws 1990, chapter 591, article 3, section 10, is amended to read:

Sec. 10. [CONDITIONS.]

(a) The state university board, the state board for community colleges, the state board of vocational technical education, and their respective campuses must not enter into new long-term lease arrangements, significantly increase the course offerings at off-campus sites, enter any 2 + 2 arrangements, or significantly increase staffing levels for off-campus sites between the effective date of this section and the end of the ~~1990-1991~~ 1992-1993 academic year. A current long-term lease may be renewed if it expires during this period. The board of regents is requested to abide by these conditions until the end of the ~~1990-1991~~ 1992-1993 academic year.

(b) This section does not apply to actions of Metropolitan State University that are part of its plan to consolidate its sites in the seven-county metropolitan area. The state university board shall consult with the chairs of the house appropriations and senate finance committees in carrying out its plans. For purposes of this

paragraph, "plan to consolidate" does not include entering into any 2 + 2 arrangements.

Sec. 5. [QUALITY INCENTIVES.]

Subdivision 1. [LEGISLATIVE INTENT.] In order to encourage a better match between student abilities and needs and system mission and strengths, and to promote better opportunities for student success and enhanced instructional quality, the legislature intends to provide funding for improvements in rates of student retention, graduation, and transfer from two- to four-year systems.

Subd. 2. [PROPOSALS.] By September 15, 1991, each public post-secondary system shall propose to the education divisions of the appropriations and finance committees (1) mechanisms to increase its quality in these areas, and (2) methods by which the increases may be measured.

Sec. 6. [HECB RECOMMENDATIONS TO LEGISLATURE.]

By January 15, 1993, the higher education coordinating board shall present to the education committees of the legislature recommendations for linking funding of post-secondary education systems to achievement of the system plans and missions that are required under Minnesota Statutes, section 135A.06, and to achievement by students of system and institution learner outcomes.

Sec. 7. [ENROLLMENT AUDIT.]

The legislative audit commission and the commissioner of finance are requested to undertake a study of enrollment, including an audit of full-year equivalents, in the technical college and community college systems. The study should examine the changes in full-year equivalents since the enactment of average cost funding, the distribution of students in credit and noncredit programs, degree and nondegree programs, the inclusion of students in average cost funding for whom the systems are receiving alternative funding, and the changes in enrollment and cost among the average cost funding cells. The auditor and the commissioner are requested to report their findings and recommendations to the education divisions of the appropriations and finance committees by February 15, 1992.

Sec. 8. [EFFECTIVE DATE.]

Sections 5 and 7 are effective the day following final enactment.

ARTICLE 7

MISCELLANEOUS

Section 1. Minnesota Statutes 1990, section 135A.05, is amended to read:

135A.05 [TASK FORCE.]

The executive director of the Minnesota higher education coordinating board shall administer a task force on average cost funding. The task force shall include representation from each of the public systems of post-secondary education, post-secondary students, the education division of the house appropriations committee, the education ~~subcommittee~~ division of the senate finance committee, and the office of the commissioner of finance~~, the office of state auditor, and the uniform financial accounting and reporting advisory council~~. The task force shall be convened and chaired by the executive director or a designee and staffed by the higher education coordinating board. The task force shall review and make recommendations on the definition of instructional cost in all four systems, the method of calculating average cost for funding purposes, the method used to assign programs to the proper level of cost at each level of instruction, the adequacy of the accounting data for defining instructional cost in a uniform manner, and the biennial budget format to be used by the four systems in submitting their biennial budget requests. The task force shall submit a report on these matters to the legislature by December 1 of each odd-numbered year. The task force expires June 30, 1993.

Sec. 2. [135A.131] [LOCAL ASSESSMENT.]

Each public post-secondary governing board may pay when due any assessment by a local unit of government that is less than five percent of the board's appropriation for repair and replacement.

Sec. 3. Minnesota Statutes 1990, section 136.11, subdivision 3, is amended to read:

Subd. 3. [UNIVERSITY ACTIVITY FUND.] The state university board shall establish in each university a fund to be known as the university activity fund. The purpose of this fund shall be to provide for the administration of university activities designed for student recreational, social, welfare, and educational pursuits supplemental to the regular curricular offerings. The university activity fund shall encompass accounts for student activities, authorized university agencies, authorized auxiliary enterprises, and student loans, ~~and~~ grants, and other nontreasury accounts, in addition such other accounts as the board may prescribe.

Sec. 4. Minnesota Statutes 1990, section 136.11, is amended by adding a subdivision to read:

Subd. 3a. [SYSTEMWIDE ADMINISTRATIVE FUND.] The chancellor may establish a fund within the system office for systemwide purposes including management of certain employee funds, contracts, student equipment purchases, and receipt and transfer of foreign program funds.

Sec. 5. Minnesota Statutes 1990, section 136.11, subdivision 5, is amended to read:

Subd. 5. [ADMINISTRATION OF ACTIVITY FUND MONEYS.] The state university board independent of other authority and notwithstanding chapters 16A and 16B, shall administer the money collected for the university activities fund and the systemwide administrative fund. All university activity fund money collected shall be retained by the president of each state university to be administered under the rules of the state university board by the presidents of the respective universities subject to audit of the legislative auditor.

Sec. 6. Minnesota Statutes 1990, section 136.14, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The state university board shall have the educational management, supervision, and control of the state universities and of all related property. It shall appoint all presidents, teachers, and other necessary employees and fix their salaries. It shall prescribe courses of study, conditions of admission, prepare and confer diplomas, report graduates of the state university department, and adopt suitable policies for the universities. Sections 14.01 to 14.47 do not apply to policies and procedures of the board. It shall, as a whole or by committee, visit each state university at least once in each year for the purpose of meeting with administrators, faculty, students and the community to discuss such matters as facilities, modes of instruction, curriculum, extracurricular programs and management. The board shall schedule meetings as it deems necessary, but it shall hold at least 11 monthly meetings each year.

Sec. 7. [136.172] [LITIGATION AWARDS.]

Notwithstanding any law to the contrary, the state university board may keep money 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 must be kept by the board to the credit of the account from which the litigation was originally funded. An award that exceeds the costs incurred in the litigation shall be used by the board to reduce future repair or replacement or

capital requests. The board shall report on any awards it receives as part of its biennial budget request.

Sec. 8. Minnesota Statutes 1990, section 136.61, subdivision 3, is amended to read:

Subd. 3. The state board for community colleges shall elect a president, a secretary and such other officers as it may desire. It shall fix its meeting dates and places but it shall hold at least 11 monthly meetings each year. The commissioner of administration shall provide it with appropriate offices.

Sec. 9. Minnesota Statutes 1990, section 136C.03, subdivision 3, is amended to read:

Subd. 3. [ADMINISTRATION.] The state board shall elect a chair and other officers as it may desire. It shall determine its meeting dates and places, but it shall hold at least 11 monthly meetings each year. The commissioner of administration shall provide the state board with appropriate offices.

Sec. 10. [CREDIT TRANSFER.]

By September 15, 1991, the higher education advisory council shall resolve differences and inconsistencies within and among the post-secondary systems relating to educationally sound transfer of credit policies, including system policies on the award of credits, transferability of general education components, use of tests for determining credit or proficiency, and provision and use of appeals processes. The legislature intends that credit transfer policies provide for the broadest and most simple mechanisms that are feasible while protecting the academic quality of institutions and programs.

Sec. 11. [EFFECTIVE DATE.]

Section 10 is effective the day following final enactment."

Delete the title and insert:

"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 technical colleges, state board for community colleges, state university board, University of Minnesota, and Mayo medical foundation, with certain conditions; amending Minnesota Statutes 1990, sections 135A.03, subdivision 3, and by adding subdivisions; 135A.05; 136.11, subdivisions 3, 5, and by adding a subdivision; 136.14, subdivision 1; 136.61, subdivision 3; 136A.101, subdivision 7, and by adding subdivisions; 136A.121,

subdivisions 6, 11, and 16; 136A.125, subdivisions 2, 3, 4, and 6, and by adding a subdivision; 136A.132, subdivisions 3, 5, and 6; 136A.1352, subdivision 1; 136A.1353, subdivision 4; 136A.1355, subdivision 1; 136A.233, subdivision 3; 136C.03, subdivision 3; 299A.45, subdivision 1; 626.84, subdivision 1; and Laws 1990, chapter 591, article 3, section 10; proposing coding for new law in Minnesota Statutes, chapters 135A; 136; 136A; 168; and 626; repealing Minnesota Statutes 1990, sections 136A.1351; and 626.86."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1280, A bill for an act relating to the environment; clarifying that certain persons who own or have the capacity to influence operation of property are not responsible persons under the environmental response and liability act solely because of ownership or the capacity to influence operation; amending Minnesota Statutes 1990, section 115B.03, by adding subdivisions.

Reported the same back with the following amendments:

Page 1, line 16, after "domain," insert "or adopting a redevelopment or development plan under sections 469.001 to 469.134 describing the property and stating its intended use and the necessity of its taking"

Page 1, line 24, after "domain" insert "or adopting a redevelopment or development plan under sections 469.001 to 469.134 describing the property and stating its intended use and the necessity of its taking"

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1295, A bill for an act relating to legal services; providing for the creation of a state board of specialized legal assistants; requesting the supreme court to adopt rules governing the delivery of legal services by specialized legal assistants; amending Minne-

sota Statutes 1990, section 481.02, subdivision 3; proposing coding for new law as Minnesota Statutes, chapter 481A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [SUPREME COURT REPORT ON SPECIALIZED LEGAL ASSISTANTS.]

The supreme court shall review the feasibility of the delivery of legal services by specialized legal assistants, and shall prepare a report for the legislature by December 1, 1992. In preparing the report, the supreme court should consult with licensed attorneys, legal assistants, representatives of the educational community for legal assistants, and representatives of advocacy groups for the economically disadvantaged. The report should include at least the following:

(1) whether the delivery of legal services through specialized legal assistants is in the best interest of consumers of legal services;

(2) areas and scope of practice of specialized legal assistants;

(3) circumstances under which a specialty license will be required;

(4) qualifications for legal assistants applying for a specialty license;

(5) examination and specialty license requirements and fees;

(6) limits and conditions of practice under a specialty license including malpractice insurance requirements;

(7) continuing legal education requirements;

(8) rules of professional conduct and responsibility;

(9) procedures for filing, investigating, and resolving complaints and disciplinary actions against specialized legal assistants; and

(10) maintenance and classification of records relating to specialized legal assistants."

Delete the title and insert:

"A bill for an act relating to legal services; requiring the supreme court to review the feasibility of the delivery of legal services by specialized legal assistants and report to the legislature."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1449, A bill for an act relating to criminal justice; requiring the commissioner of state planning to coordinate preparation of a criminal justice system impact statement and fiscal note for certain bills creating new crimes or enhancing penalties for existing crimes; requiring the sentencing guidelines commission to project increases in criminal justice system resource utilization due to new crimes or enhanced penalties; requiring the peace officer standards and training board, attorney general, state public defender, state court administrator, and commissioner of corrections to prepare resource impact statements; proposing coding for new law in Minnesota Statutes, chapter 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 3.98, subdivision 1, is amended to read:

Subdivision 1. The head or chief administrative officer of each department or agency of the state government, including the supreme court, shall prepare a fiscal note at the request of the chair of the standing committee to which a bill has been referred, or the chair of the house appropriations committee, or the chair of the senate committee on finance.

For purposes of this subdivision, "supreme court" includes all agencies, committees, and commissions supervised or appointed by the state supreme court or the state court administrator.

Sec. 2. Minnesota Statutes 1990, section 3.982, is amended to read:

3.982 [FISCAL NOTES FOR STATE-MANDATED ACTIONS.]

When a bill is introduced and referred to a standing committee, the commissioner of finance shall determine whether the bill proposes a new or expanded mandate on a political subdivision, a

district court, or the public defense system. If the commissioner determines that a new or expanded mandate is proposed, the commissioner shall direct the appropriate department or agency of state government to prepare a fiscal note identifying the projected fiscal impact of the bill on state government and on the affected ~~political subdivisions~~ entity. The commissioner of finance shall be responsible for coordinating the fiscal note process, for assuring the accuracy and completeness of the note, and for ensuring that fiscal notes are prepared, delivered, and updated as provided in this section. The fiscal note shall categorize mandates as program or nonprogram mandates and shall include estimates of the levy impacts of the mandates. To the extent that the bill would impose new fiscal obligations ~~on political subdivisions~~, the note shall indicate the efforts made to reduce those obligations, including consultations made with representatives of the ~~political subdivisions~~ affected entities. Chairs of legislative committees receiving bills on rereferrals from other legislative committees may request that fiscal notes be amended to reflect amendments made to the bills by prior committee action. Preparation of the fiscal notes required in this section shall be consistent with section 3.98. The commissioner of finance shall periodically report to and consult with the legislative commission on planning and fiscal policy on the issuance of the notes.

Sec. 3. Minnesota Statutes 1990, section 244.16, is amended to read:

244.16 [DAY-FINES.]

Subdivision 1. [MODEL SYSTEM.] ~~By June 1, 1991,~~ The sentencing guidelines commission shall develop a model day-fine system. ~~Each judicial district must adopt either the model system or its own day-fine system by January 1, 1992.~~ The commission shall report its model system to the legislature by February 1, 1993. Upon request of a judicial district, the commission may establish one pilot project for the development of a day-fine system.

Subd. 2. [COMPONENTS.] A day-fine system adopted under this section must provide for a two-step sentencing procedure for those receiving a fine as part of a probationary felony, gross misdemeanor, or misdemeanor sentence. In the first step, the court determines how many punishment points a person will receive, taking into account the severity of the offense and the criminal history of the offender. The second step is to multiply the punishment points by a factor that accounts for the offender's financial circumstances. The goal of the system is to provide a fine that is proportional to the seriousness of the offense and largely equal in impact among offenders with different financial circumstances. The system may provide for community service in lieu of fines for offenders whose means are so limited that the payment of a fine would be unlikely.

Sec. 4. [244.17] [LOCAL CORRECTIONAL PROGRAM; IMPOSITION OF FEES ON OFFENDERS.]

Subdivision 1. [DEFINITION.] As used in this section, "local correctional fees" include fees for the following correctional services:

(1) community service work placement and supervision;

(2) restitution collection;

(3) supervision;

(4) court-ordered investigations; or

(5) any other court-ordered service to be provided by a local probation and parole agency established under section 260.311 or community corrections agency established under chapter 401.

Subd. 2. [FEE SCHEDULE.] A local correctional agency may establish a schedule of local correctional fees to be charged persons under the supervision and control of the agency to defray costs associated with correctional services. Local correctional fees must be reasonably related to correctional inmates' abilities to pay and the actual cost of correctional services. The local correction agency may spend fees collected under this section for local correctional services.

Subd. 3. [FEE COLLECTION.] The chief executive officer of the local correctional agency under which the offender is supervised may collect the fee assessment. The local correctional agency may collect the fee at any time and is not limited to collecting the fee assessment to the time the offender is under sentence. The local correctional agency may use any available civil means of debt collection in collecting a fee assessment.

Subd. 4. [EXEMPTION FROM FEE.] The local correctional agency shall waive payment of a local correctional fee if so ordered by the court pursuant to section 6. The agency may waive payment of a fee at its discretion, if the court fails to waive the fee, and if the agency determines the offender does not have the ability to pay the fee, the prospects for payment are poor, or that there are extenuating circumstances justifying waiver of the fee.

Subd. 5. [FAILURE TO PAY FEE.] After a showing and upon a finding that the offender has failed to make local correctional fee payments, the local correctional agency may impose sanctions to induce payment. The local correctional agency shall afford an offender an appeal or hearing before imposing sanctions for failure to pay a local correctional fee.

Sec. 5. [609.102] [LOCAL CORRECTIONAL PROGRAM FEES; IMPOSITION BY COURT.]

Subdivision 1. [DEFINITION.] As used in this section, "local correctional fees" has the meaning given in section 4.

Subd. 2. [IMPOSITION OF FEE.] When a court sentences a person convicted of a crime, the court shall impose a local correctional fee under the following circumstances:

(1) when a person is convicted of a misdemeanor or gross misdemeanor and placed under supervision of a local correctional agency;

(2) when a person convicted of a felony, as a condition of probation, is placed under supervision for up to one year in a local correctional agency; or

(3) any other circumstance when a person convicted of a crime is placed under supervision of a local correctional agency for correctional purposes.

The court shall use the fee schedule adopted by the local correctional facility under section 4 to set the fee or order the agency to set the fee under its schedule.

Subd. 3. [FEE EXEMPTION.] The court may waive payment of a local correctional program fee if it makes findings on the record that the convicted person is exempt due to any of the factors named under section 4, subdivision 4. The court shall consider prospects for payment during the term of supervision by the local correctional agency.

Sec. 6. Minnesota Statutes 1990, section 631.425, subdivision 3, is amended to read:

Subd. 3. [CONTINUATION OF EMPLOYMENT.] If the person committed under this section has been regularly employed, the sheriff shall arrange for a continuation of the employment insofar as possible without interruption. If the person is not employed, the ~~sheriff or any~~ court may designate a suitable person or agency ~~designated by the court shall make every effort~~ to make reasonable efforts to secure some suitable employment for that person. An inmate employed under this section must be paid a fair and reasonable wage for work performed and must work at fair and reasonable hours per day and per week.

Sec. 7. Minnesota Statutes 1990, section 631.425, subdivision 7, is amended to read:

Subd. 7. [VIOLATION OF SENTENCE; PROCEDURE.] If the

inmate violates a condition of work release relating to conduct, custody, or employment, the ~~inmate must be returned to the court. The court then (1) may require that the balance of the inmate's sentence be spent in actual confinement, (2) may cancel any earned reduction of the inmate's term, and (3) may find~~ correctional facility administrator may require that the inmate spend the balance of the inmate's sentence in actual confinement. The facility administrator shall give the inmate an opportunity to be heard before implementing this decision. On appeal by the inmate within seven days, the court must review the facility administrator's decision and, in its review, may (1) uphold or reverse the decision; and (2) order additional sanctions for the work release violation, including canceling any earned reduction in the inmate's term and finding the inmate in contempt of court.

Sec. 8. Minnesota Statutes 1990, section 643.29, subdivision 1, is amended to read:

Subdivision 1. ["GOOD CONDUCT" ALLOWANCE.] Any person sentenced for a term to any county jail, workhouse, or correctional work farm, whether the term is part of an executed sentence or is imposed as a condition of probation, shall diminish the term of the sentence ~~five days~~ one day for each ~~month~~ two days, commencing on the day of arrival, during which the person has not violated any rule or discipline of the place wherein the person is incarcerated and, if required to labor, has labored with diligence and fidelity.

Sec. 9. [COMMISSION ON CORRECTIONS CROWDING.]

Subdivision 1. [COMMISSION; MEMBERSHIP.] (a) The commission on corrections crowding is composed of 23 members and staffed by the state planning agency. The governor shall appoint 19 members, such as representatives from among local government officials, law enforcement, the judiciary, local corrections, business and industry, experts in juvenile and criminal justice, the public, the state planning agency, the sentencing guidelines commission, the department of finance, and the department of corrections.

(b) Two members of the commission are members of the house of representatives, one from each party, appointed under the rules of the house of representatives, and two members of the commission are members of the senate, one from each party, appointed under the rules of the senate.

(c) The governor shall designate a chair and vice-chair from among the membership of the commission. The commission may create ad hoc work groups as needed.

Subd. 2. [DUTIES.] The commission on corrections crowding shall examine the short- and long-range demand for correctional services

and facilities and prepare a ten-year plan that fashions a corrections system for the 1990's. The commission shall:

(1) examine the relationship, interdependence, financing, and functions of the state and local correctional systems;

(2) review the entire system including felonies, gross misdemeanors, and misdemeanors;

(3) address the need for juvenile and adult, male and female correctional services and facilities;

(4) review the community corrections act and its funding formula;

(5) examine the increase of mentally ill correctional clients;

(6) recommend an equitable and effective solution for the short-term prison offender;

(7) examine the state's approach to pretrial detention, housing of various categories of nonviolent offenders, prerelease counseling, and postrelease supervision; and

(8) conduct informational forums across the state to solicit ideas and concerns regarding corrections crowding.

Subd. 3. [REPORT.] The commission shall make an interim report to the governor and the legislature by January 1, 1992. The commission shall complete its examination of these matters and make a final report to the governor and legislature by January 1, 1993.

Sec. 10. [METROPOLITAN AREA CORRECTIONS REPORT.]

The county correctional administrators of the metropolitan area, as defined in Minnesota Statutes, section 473.121, shall report to the legislature by January 1, 1992, concerning the steps taken by those counties to:

(1) alleviate correctional crowding; and

(2) speed the processing of offenders through the system.

Sec. 11. [CRIMINAL JUSTICE RESOURCE MANAGEMENT.]

Subdivision 1. [CRIMINAL JUSTICE RESOURCE MANAGEMENT PLAN.] By January 1, 1993, the judges of each judicial district shall complete a final written criminal justice resource management plan to implement the goal of ensuring the fair and

economical use of the criminal justice system resources within the district and the continued effective implementation of the district's case management plan. Each criminal justice resource management plan must address the following issues:

(1) the relationship of the judicial district's case management plan to its use of the correctional resources within the judicial district;

(2) the role of individual judicial discretion in the use of the resources within the district. In addressing this issue, the plan shall make specific reference to the data and information submitted in the reports of the supreme court gender fairness and racial bias task forces and shall specifically provide for implementation of the findings of the task forces;

(3) the use of pretrial evaluation, bail, pretrial detention, and pretrial supervision and counseling;

(4) the use of criminal justice diversion programs;

(5) the role and use of intermediate sanctions such as community service, economic sanctions such as fines or day-fine programs, and sentencing to service programs;

(6) the presentence investigation process and the posttrial probation supervision process;

(7) the housing of various categories of nonviolent offenders;

(8) the adequacy of sharing of correctional resources between counties contained within multicounty judicial districts;

(9) the role of new correctional technologies such as electronic home monitoring or auto ignition interlocking devices;

(10) the use of treatment alternatives involving chemical dependency, sex offender treatment, and other psychological services; and

(11) the adequacy of existing correctional facilities and the possible need for a new correctional facility.

Subd. 2. [PRINCIPLES; ASSISTANCE.] By September 1, 1991, the sentencing guidelines commission shall develop principles to guide judicial districts in developing judicial district resource management plans. The commission shall provide technical assistance in developing the plans to districts that request assistance.

Subd. 3. [REVIEW OF JUDICIAL DISTRICT RESOURCE MANAGEMENT PLAN.] (a) Each judicial district shall submit its preliminary criminal justice resource management plan to the

conference of chief judges by July 1, 1992. The conference shall review the plan and make recommendations it deems appropriate. Specifically, the conference shall address the adequacy and use of the sharing of correctional resources among judicial districts.

(b) A copy of the final draft of each judicial district's criminal justice resource management plan, along with the conference of chief judges' recommendations for changes in rules, criminal procedure, and statutes, must be filed with the chairs of the judiciary committees in the house of representatives and the senate by February 1, 1993.

Sec. 12. [COMMUNITY CORRECTIONS.]

$..... is appropriated to the commissioner of corrections for community corrections act counties, to be used by those counties to establish local correctional facility diversion programs.

Sec. 13. [APPROPRIATION.]

$95,000 is appropriated to the state planning agency for the commission on corrections crowding.

Sec. 14. [EFFECTIVE DATE.]

Sections 3, 10, and 11 are effective the day following final enactment. Sections 4 and 5 are effective August 1, 1991, and fees may be imposed on offenders convicted on or after that date. Sections 6 and 7 are effective August 1, 1991, and apply to sentences imposed after that date. Section 8 is effective June 1, 1991. Section 9 is effective July 1, 1991."

Delete the title and insert:

"A bill for an act relating to crimes; corrections; requiring judges of each judicial district to complete a criminal justice resource management plan; allowing a court to designate an agency to seek a work release position for an offender; allowing correctional facility administrators to provide sanctions for violations of work release; changing the good conduct allowance in local correctional facilities; creating a commission on corrections crowding; removing the requirement that judicial districts adopt day-fine systems; requiring imposition of local correctional fees; requiring a report on metropolitan area jail crowding; appropriating money; amending Minnesota Statutes 1990, sections 3.98, subdivision 1; 3.982; 244.16; 631.425, subdivisions 3 and 7; and 643.29, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 244 and 609."

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1462, A bill for an act relating to health; providing clarification of various laws relating to public health issues; providing penalties; amending Minnesota Statutes 1990, sections 115.71, subdivision 9, and by adding a subdivision; 144.698, subdivision 1; 145.43, subdivision 1a; 153A.15, subdivision 4, and by adding a subdivision; 153A.17; and 268.12, subdivision 12; proposing coding for new law in Minnesota Statutes, chapters 144; 147; and 176; repealing Minnesota Statutes 1990, sections 115.71, subdivision 7; 145.34; 145.35; and 153A.16.

Reported the same back with the following amendments:

Page 1, after line 25, insert:

"Sec. 3. Minnesota Statutes 1990, section 116C.852, is amended to read:

116C.852 [LOW-LEVEL RADIOACTIVE WASTE DISPOSAL.]

~~No~~ All low-level radioactive waste that may be treated, recycled, stored, or disposed of in this state ~~except at a facility that is specifically licensed for treatment, recycling, storage, or disposal of low-level radioactive waste~~ shall conform to applicable federal and state requirements regardless of whether or not the waste has been reclassified as "below regulatory concern" by the United States Nuclear Regulatory Commission pursuant to a generic rule or standard adopted after January 1, 1990."

Page 11, line 9, delete "9" and insert "10"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon insert "116C.852;"

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. 1517, A bill for an act relating to insurance; providing for replacement cost insurance coverage for personal property; prohibiting insurers from requiring more than one residential renter's insurance policy be written to cover a single household; amending Minnesota Statutes 1990, section 65A.10; proposing coding for new law in Minnesota Statutes, chapter 65A.

Reported the same back with the following amendments:

Page 2, line 3, after the period insert "If a homeowner's policy does not provide replacement cost coverage for personal property, the declarations page of the policy shall so indicate by containing the term "nonreplacement cost" defined as actual cash value."

Page 2, line 17, delete "all of the" and insert "up to four" and after "household" insert ", if all of the individuals are named insureds on the policy and meet the insurer's normal underwriting requirements"

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1621, A bill for an act relating to crimes; expanding the definition of drug free zones to include post-secondary and technical colleges and public housing property; requiring the sentencing guidelines commission to develop a model set of local correctional guidelines; authorizing special levies for local correctional services that do not involve incarceration; changing the name and duties of the drug abuse prevention resource council; providing incentives for judicial districts to adopt local correctional guidelines; requiring reporting of felony convictions; requiring chemical use assessments of persons convicted of felonies; requiring studies; appropriating money; amending Minnesota Statutes 1990, sections 152.01, subdivision 14a, and by adding a subdivision; 152.022, subdivision 1; 152.023, subdivision 2; 244.095, subdivisions 1 and 2; 275.50, subdivision 5; 275.51, subdivision 3f; 299A.30; 299A.31, subdivision 1; 299A.32; 401.14, by adding a subdivision; 485.16; and 609.115, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 244; repealing Minnesota Statutes 1990, sections 244.095, subdivision 3; 299A.29; and 299A.30.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 152.01, subdivision 14a, is amended to read:

Subd. 14a. [SCHOOL ZONE.] "School zone" means:

(1) any property owned, leased, or controlled by a school district or an organization operating a nonpublic school, as defined in section 123.932, subdivision 3, where an elementary, middle, secondary school, secondary vocational center or other school providing educational services in grade one through grade 12 is located, or used for educational purposes, or where extracurricular or cocurricular activities are regularly provided;

(2) any property owned, leased, or controlled by a public or private post-secondary college, community college, or technical college, and used for educational purposes;

(3) the area surrounding school property as described in clause (1) or (2) to a distance of 300 feet or one city block, whichever distance is greater, beyond the school property; and

~~(3)~~ (4) the area within a school bus when that bus is being used to transport one or more elementary or secondary school students.

Sec. 2. Minnesota Statutes 1990, section 152.01, is amended by adding a subdivision to read:

Subd. 19. [PUBLIC HOUSING ZONE.] "Public housing zone" means any residential real property owned by a political subdivision or the federal government and leased to persons and families of low or moderate income as defined in section 462A.03, subdivision 10, plus the area within 300 feet of the property's boundary, or one city block, whichever distance is greater.

Sec. 3. Minnesota Statutes 1990, section 152.022, subdivision 1, is amended to read:

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the second degree if:

(1) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight or three grams or more containing cocaine base;

(2) on one or more occasions within a 90-day period the person

unlawfully sells one or more mixtures of a total weight of ten grams or more containing a narcotic drug;

(3) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 50 or more dosage units;

(4) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 25 kilograms or more containing marijuana or Tetrahydrocannabinols;

(5) the person unlawfully sells any amount of a schedule I or II narcotic drug to a person under the age of 18, or conspires with or employs a person under the age of 18 to unlawfully sell the substance; or

(6) the person unlawfully sells any amount of a schedule I or II narcotic drug in a school zone ~~or~~, a park zone, or a public housing zone.

Sec. 4. Minnesota Statutes 1990, section 152.023, subdivision 2, is amended to read:

Subd. 2. [POSSESSION CRIMES.] A person is guilty of controlled substance crime in the third degree if:

(1) the person unlawfully possesses one or more mixtures of a total weight of three grams or more containing cocaine base;

(2) the person unlawfully possesses one or more mixtures of a total weight of ten grams or more containing a narcotic drug;

(3) the person unlawfully possesses one or more mixtures containing a narcotic drug with the intent to sell it;

(4) the person unlawfully possesses one or more mixtures containing a narcotic drug, it is packaged in dosage units, and equals 50 more dosage units; or

(5) the person unlawfully possesses any amount of a schedule I or II narcotic drug in a school zone ~~or~~, a park zone, or a public housing zone; or

(6) the person unlawfully possesses one or more mixtures of a total weight of ten kilograms or more containing marijuana or Tetrahydrocannabinols.

Sec. 5. Minnesota Statutes 1990, section 244.095, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) As used in this section, "park zone" ~~and~~," "school zone"," and "public housing zone" have the meanings given them in section 152.01, subdivisions 12a ~~and~~, 14a, and 19.

(b) As used in this section, "controlled substance" has the meaning given in section 152.01, subdivision 4, but does not include a narcotic drug listed in schedule I or II.

Sec. 6. Minnesota Statutes 1990, section 244.095, subdivision 2, is amended to read:

Subd. 2. [AGGRAVATING FACTOR FOR DRUG OFFENSES COMMITTED IN PARK ZONES ~~AND~~, IN SCHOOL ZONES, AND IN PUBLIC HOUSING ZONES.] The commission shall modify the list of aggravating factors contained in the sentencing guidelines so as to authorize the sentencing judge to depart from the presumptive sentence with respect to either disposition or duration when the following circumstances are present:

(1) the defendant was convicted of unlawfully selling or possessing controlled substances in violation of chapter 152; and

(2) the crime was committed in a park zone ~~or~~, in a school zone, or in a public housing zone.

This aggravating factor shall not apply to a person convicted of unlawfully possessing controlled substances in a private residence located within a school zone ~~or~~, a park zone, or a public housing zone if no person under the age of 18 was present in the residence when the offense was committed.

Sec. 7. Minnesota Statutes 1990, section 299A.30, is amended to read:

Subdivision 1. [OFFICE; ASSISTANT COMMISSIONER.] The office of drug policy is an office in the department of public safety headed by an assistant commissioner appointed by the commissioner to serve in the unclassified service. The assistant commissioner may appoint other employees in the unclassified service. The assistant commissioner shall coordinate the activities of drug program agencies and serve as staff to the alcohol and other drug abuse ~~prevention resource~~ advisory council.

Subd. 2. [DUTIES.] (a) The assistant commissioner shall gather and make available information on demand reduction and supply reduction throughout the state, foster cooperation among drug

program agencies, and assist agencies and public officials in training and other programs designed to improve the effectiveness of demand reduction and supply reduction.

(b) The assistant commissioner shall coordinate the distribution of funds received by the state of Minnesota through the federal Anti-Drug Abuse Act. The assistant commissioner may obtain technical assistance from the state planning agency to perform this function. The assistant commissioner shall recommend to the commissioner recipients of grants under sections 299A.33 and 299A.34, after consultation with the alcohol and other drug abuse ~~prevention resource~~ advisory council.

(c) The assistant commissioner shall:

(1) after consultation with all drug program agencies operating in the state, develop a state drug strategy encompassing the efforts of those agencies and taking into account all money available for demand reduction and supply reduction, from any source;

(2) submit the strategy to the governor and the legislature by January 15 ~~of each year~~, 1993, along with a summary of demand reduction and supply reduction during the preceding calendar year and recommendations regarding the transfer of the functions of the office of drug policy to other state agencies;

(3) assist appropriate professional and occupational organizations, including organizations of law enforcement officers, prosecutors, and educators, in developing and operating informational and training programs to improve the effectiveness of demand reduction and supply reduction; ~~and~~

(4) provide information and assistance to drug program agencies, both directly and by functioning as a clearinghouse for information from other drug program agencies including information on drug trends;

(5) facilitate cooperation among drug program agencies; and

(6) coordinate the administration of prevention, criminal justice, and treatment grants.

Sec. 8. Minnesota Statutes 1990, section 299A.31, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; MEMBERSHIP.] ~~A~~ An alcohol and other drug abuse ~~prevention resource~~ advisory council consisting of 18 members is established. The commissioners of public safety, education, health, human services, and the state planning agency, and the attorney general shall each appoint one

member from among their employees. The speaker of the house of representatives and the subcommittee on committees of the senate shall each appoint a legislative member. The governor shall appoint an additional ten members who ~~shall demonstrate knowledge in the area of drug abuse prevention,~~ shall represent the demographic and geographic composition of the state and, to the extent possible, shall represent the following ~~groups: parents, educators, clergy, local government, racial and ethnic minority communities, professional providers of drug abuse prevention services, volunteers in private, nonprofit drug prevention programs, and the business community~~: public health; education including preschool, elementary, and higher education; social services; financial aid services; chemical dependency treatment; law enforcement; prosecution; defense; the judiciary; corrections; treatment research professionals; drug abuse prevention professionals; the business sector; religious leaders; and community representatives. The members shall designate one of the governor's appointees as chair of the council. Compensation and removal of members are governed by section 15.059.

Sec. 9. Minnesota Statutes 1990, section 299A.32, is amended to read:

299A.32 [RESPONSIBILITIES OF COUNCIL.]

Subdivision 1. [PURPOSE OF COUNCIL.] The general purpose of the council is to ~~foster the coordination and development of a statewide drug abuse prevention policy~~ serve as an advisory body to the governor and legislature on all aspects of alcohol and drug abuse.

Subd. 2. [SPECIFIC DUTIES AND RESPONSIBILITIES.] In furtherance of the general purpose specified in subdivision 1, the council ~~has the following duties and responsibilities~~ shall:

(1) ~~it shall develop a coordinated, statewide drug abuse prevention policy~~ assist state agencies in the coordination of drug policies and programs and in the provision of services to other units of government, communities, and citizens;

(2) ~~it shall develop a mission statement that defines the roles and relationships of agencies operating within the continuum of chemical health care~~ promote among state agencies policies to achieve uniformity in state and federal grant programs and to streamline those programs;

(3) ~~it shall develop guidelines for drug abuse prevention program development and operation based on its research and program evaluation activities~~ oversee comprehensive data collection and research and evaluation of alcohol and drug program activities;

(4) ~~it shall assist local governments and groups in planning, organizing, and establishing comprehensive, community-based drug abuse prevention programs and services;~~

~~(5) it shall coordinate and provide technical assistance to organizations and individuals seeking public or private funding for drug abuse prevention programs, and to government and private agencies seeking to grant funds for these purposes;~~

~~(6) it shall assist providers of drug abuse prevention services in implementing, monitoring, and evaluating new and existing programs and services;~~

~~(7) it shall provide information on and analysis of the relative public and private costs of drug abuse prevention, enforcement, intervention, and treatment efforts; and~~

~~(8) it shall advise the assistant commissioner of the office of drug policy in awarding grants and in other duties.~~ seek the advice and counsel of appropriate interest groups and advise the assistant commissioner of the office of drug policy;

(5) seek additional private funding for community-based programs and research and evaluation;

(6) evaluate whether law enforcement narcotics task forces should be reduced in number and increased in geographic size, and whether new sources of funding are available for the task forces;

(7) continue to promote clarity of roles among federal, state, and local law enforcement activities; and

(8) establish criteria to evaluate law enforcement drug programs.

Subd. 3. [ANNUAL REPORT.] On or before February 1, ~~1991, and~~ each year ~~thereafter~~, *the council* shall submit a written report to the legislature describing its activities during the preceding year, describing efforts that have been made to enhance and improve utilization of existing resources and to identify deficits in prevention efforts, and recommending appropriate changes, including any legislative changes that it considers necessary or advisable in the ~~area~~ areas of alcohol and other drug abuse ~~prevention~~ policy, programs, ~~or~~ and services.

Sec. 10. Minnesota Statutes 1990, section 485.16, is amended to read:

485.16 [RECORD ALL ACTIONS FILED.]

Subdivision 1. [RECORDS KEPT.] The court administrators of the district courts of the several counties shall keep a record of all actions and proceedings, civil and criminal, filed in the court, and shall furnish to the state appellate courts any information concerning the actions as is prescribed by rule of civil procedure.

Subd. 2. [CRIMINAL DISPOSITIONS REPORTED.] The court administrator of the district court shall report to the supreme court within 30 days after a judge pronounces sentence following a felony conviction. The report must include the sentence pronounced, whether imposition was stayed, and other information requested by the supreme court.

Sec. 11. Minnesota Statutes 1990, section 609.101, is amended by adding a subdivision to read:

Subd. 3. [CONTROLLED SUBSTANCE OFFENSES; MINIMUM FINES.] (a) Notwithstanding any other law, when a court sentences a person convicted of:

(1) a first degree controlled substance crime under section 152.021, it must impose a fine of not less than $2,500 nor more than the maximum fine authorized by law;

(2) a second degree controlled substance crime under section 152.022, it must impose a fine of not less than $1,000 nor more than the maximum fine authorized by law;

(3) a third degree controlled substance crime under section 152.023, it must impose a fine of not less than $750 nor more than the maximum fine authorized by law;

(4) a fourth degree controlled substance crime under section 152.024, it must impose a fine of not less than $500 nor more than the maximum fine authorized by law; and

(5) a fifth degree controlled substance violation under section 152.025, it must impose a fine of not less than $300 nor more than the maximum fine authorized by law.

(b) 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.

(c) 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.

(d) The court shall collect the portion of the fine mandated by this subdivision and forward 70 percent of it to a local drug abuse resistance education program 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 general fund. If more than one drug abuse resistance education 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 community in which the crime was committed, the funding needs of the program, the number of peace officers in each community certified to teach the program, and the number of children served by the program in each community. If no drug abuse resistance education program serves communities in that county, the court shall forward 100 percent of the fine proceeds to the commissioner of finance to be credited to the general fund.

(e) The minimum fines required by this subdivision shall be collected as are other fines. Fine proceeds received by a local drug abuse resistance education program must be used to support that program, and may be used for salaries of peace officers certified to teach the program. The program must report receipt and use of money generated under this subdivision as prescribed by the drug abuse resistance education advisory council.

(f) As used in this subdivision, "drug abuse resistance education" means the drug prevention program described in sections 299A.33 and 299A.331.

Sec. 12. Minnesota Statutes 1990, section 609.115, is amended by adding a subdivision to read:

Subd. 8. [CHEMICAL USE ASSESSMENT REQUIRED.] (a) If a person is *convicted of a felony*, the probation officer shall determine in the report prepared under subdivision 1 whether or not alcohol or drug use was a contributing factor to the commission of the offense. If so, the report shall contain the results of a chemical use assessment conducted in accordance with this subdivision. The probation officer shall make an appointment for the defendant to undergo the chemical use assessment if so indicated.

(b) The chemical use assessment report must include a recommended level of care for the defendant in accordance with the criteria contained in rules adopted by the commissioner of human services under section 254A.03, subdivision 3. The assessment must be conducted by an assessor qualified under rules adopted by the commissioner of human services under section 254A.03, subdivision 3. An *assessor providing* a chemical use assessment may not have any direct or shared financial interest or referral relationship resulting in shared financial gain with a treatment provider. If an independent assessor is not available, the probation officer may use the services of an assessor authorized to perform assessments for the

county social services agency under a variance granted under rules adopted by the commissioner of human services under section 254A.03, subdivision 3.

Sec. 13. [DRUG-IMPAIRED DRIVER STUDY.]

The commissioner of public safety shall study expanding Minnesota's implied consent law to provide for immediate revocation of the driver's license of a driver who tests positive for the presence of a controlled substance. The commissioner shall report to the judiciary committees in the senate and house of representatives by June 1, 1992. If the commissioner determines that this expansion is feasible, the commissioner shall make specific recommendations concerning the following:

(1) the controlled substances that should be included;

(2) for each controlled substance, the threshold amount that should trigger license revocation, with due consideration of the length of time after use that each controlled substance remains detectable, the level of impairment caused by the controlled substance at different levels, and the state of current testing technology for the controlled substance;

(3) the most feasible method of testing drivers for controlled substances, including a recommendation for training of law enforcement and hospital personnel who will be responsible for conducting the testing; and

(4) an estimate of the cost to the state and local governments.

Sec. 14. [GRAND JURY STUDY.]

The supreme court shall study the possibility of expanding the investigative role of the grand jury in Minnesota to facilitate the long-term investigation of complex cases involving controlled substance sales. The supreme court shall report to the judiciary committees in the senate and house of representatives by June 1, 1992, with any appropriate legislative recommendations.

Sec. 15. [APPROPRIATION.]

$..... is appropriated from the general fund to the drug abuse resistance education advisory council to be used to administer the drug abuse resistance education programs. This appropriation is available until June 30, 1993.

$..... is appropriated from the general fund to the commissioner of corrections for the chemical use assessments required by section 12.

Sec. 16. [REPEALER.]

Minnesota Statutes 1990, section 244.095, subdivision 3, is repealed.

Sec. 17. [REPEALER.]

Minnesota Statutes 1990, sections 299A.29 and 299A.30, are repealed August 1, 1993.

Sec. 18. [REPEALER.]

Minnesota Statutes 1990, section 609.101, subdivision 3, is repealed.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 6, 11, and 12 are effective August 1, 1991, and apply to crimes committed on or after that date. Section 10 is effective August 1, 1991, and applies to convictions occurring on or after that date. Section 18 is effective July 1, 1993."

Delete the title and insert:

"A bill for an act relating to crimes; expanding the definition of drug free zones to include post-secondary and technical colleges and public housing property; changing the name and duties of the drug abuse prevention resource council; requiring reporting of felony convictions; imposing minimum fines in certain controlled substance offenses; requiring chemical use assessments of persons convicted of felonies; requiring studies; appropriating money; amending Minnesota Statutes 1990, sections 152.01, subdivision 14a, and by adding a subdivision; 152.022, subdivision 1; 152.023, subdivision 2; 244.095, subdivisions 1 and 2; 299A.30; 299A.31, subdivision 1; 299A.32; 485.16; 609.101, by adding a subdivision; and 609.115, by adding a subdivision; repealing Minnesota Statutes 1990, sections 244.095, subdivision 3; 299A.29; 299A.30; and 609.101, subdivision 3."

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 159, 587, 603, 612, 635, 675, 700, 823, 927, 1086, 1099,

1147, 1170, 1173, 1215, 1221, 1280, 1295, 1462 and 1517 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Segal introduced:

H. F. No. 1665, A bill for an act relating to taxation; modifying the metropolitan revenue distribution program; creating a crime and social services disparities fund; amending Minnesota Statutes 1990, sections 299C.18; 473F.07, subdivision 4, and by adding subdivisions; and 473F.08, subdivisions 5 and 7a; proposing coding for new law in Minnesota Statutes, chapter 473F.

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

Rukavina, Wenzel, Jaros, Battaglia and Begich introduced:

H. F. No. 1666, A bill for an act relating to human services; requiring increases in rates for salaries of employees of intermediate care facilities for persons with mental retardation, home and community-based waivered services, developmental achievement centers, and semi-independent living services programs; amending Minnesota Statutes 1990, sections 245.465; 252.24, by adding a subdivision; 252.275, by adding a subdivision; 252.28, by adding a subdivision; 256B.491, by adding a subdivision; and 268A.06, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Lourey; Nelson, K.; Ogren and Murphy introduced:

H. F. No. 1667, A bill for an act relating to education; appropriating money for telecommunications grants to members of the central Carlton, northern Pine county interactive television district.

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

HOUSE ADVISORIES

The following House Advisories were introduced:

Gutknecht, Wenzel, Bauerly, Bertram and Davids introduced:

H. A. No. 14, A proposal to study effects of the Dairy Unfair Trade Practices Act on dairy consumption.

The advisory was referred to the Committee on Agriculture.

Rest and Vellenga introduced:

H. A. No. 15, A proposal to study motor vehicle registration and the disposition of license plates on a change in vehicle ownership.

The advisory was referred to the Committee on Transportation.

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. 324, A bill for an act relating to employment; regulating an employee's lien for wages; amending Minnesota Statutes 1990, section 514.59.

H. F. No. 526, A bill for an act relating to corporations; clarifying and modifying provisions governing divisions and combinations of shares and rights of shareholders; clarifying meeting notice requirements; authorizing electronic communications by shareholders; modifying access to corporate records; clarifying and modifying provisions governing mergers and dissolutions; amending Minnesota Statutes 1990, sections 302A.111, subdivision 2; 302A.139; 302A.401, subdivisions 3 and 4; 302A.405, subdivision 1; 302A.413, subdivision 3; 302A.435, subdivision 1; 302A.437, subdivision 1; 302A.449, subdivision 1, and by adding a subdivision; 302A.461, subdivisions 2, 4, and 4a; 302A.471, subdivision 1; 302A.551, subdivision 4; 302A.613, subdivision 2; 302A.621; 302A.651, subdivision 1; 302A.701; 302A.723, subdivision 3; 302A.725, subdivision 1; 302A.727; and 302A.781; proposing coding for new law in Minnesota Statutes, chapter 302A; repealing Minnesota Statutes 1990, sections 302A.729; 302A.730; and 302A.733.

H. F. No. 614, A bill for an act relating to state finance; permitting investments in all federally insured savings accounts; amending Minnesota Statutes 1990, section 11A.24, subdivision 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 983, A bill for an act relating to Ramsey county; changing Ramsey county special laws to make them consistent with the county home rule charter; amending Minnesota Statutes 1990, sections 383A.06, subdivision 2; 383A.16, subdivision 4; 383A.20, subdivision 10; 383A.32, subdivision 1; and 383A.50, subdivision 4; repealing Minnesota Statutes 1990, sections 383A.04; 383A.06, subdivision 3; 383A.07, subdivisions 6, 15, and 20; 383A.16, subdivision 5; 383A.20, subdivisions 1, 6 to 9, and 11; 383A.23, subdivision 1; 383A.24; 383A.25; 383A.45; 383A.46; 383A.48; 383A.49; and 383A.50, subdivisions 1 and 3.

H. F. No. 1017, A bill for an act relating to agriculture; regulating certain sales and services offered by grocery stores; limiting applicability of certain licensing and regulatory provisions; amending Minnesota Statutes 1990, sections 28A.05; 145A.03, by adding a subdivision; 157.01, subdivision 1; and 412.221, subdivision 30; proposing coding for new law in Minnesota Statutes, chapter 28A.

H. F. No. 1105, A bill for an act relating to Ramsey county; providing for additional civil service certification of underrepresented groups; amending Minnesota Statutes 1990, section 383A.291, 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. 843, A bill for an act relating to waste; Western Lake Superior sanitary district; amending the definition of solid waste; changing the date for adoption of a budget; amending Minnesota Statutes 1990, sections 458D.02, subdivision 18; and 458D.08.

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. 422, A bill for an act relating to cities; providing for distribution of public notices in cities of the fourth class in the metropolitan area; amending Minnesota Statutes 1990, section 331A.03.

H. F. No. 1418, A bill for an act relating to human services; Minnesota comprehensive health association; clarifying the calculation of contributing members' share of expenses; excluding medical assistance and general assistance medical care payments from the calculation; amending Minnesota Statutes 1990, section 62E.11, subdivision 5.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 230, A bill for an act relating to education; permitting a referendum on combining certain school districts before formal cooperation begins.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Waltman moved that the House concur in the Senate amendments to H. F. No. 230 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 230, A bill for an act relating to education; authorizing the Elgin-Millville and Plainview school districts to combine according to the cooperation and combination program without a time period of cooperation; authorizing the districts to conduct the referendum on the combination and to issue bonds; providing a schedule for cooperation and combination revenue.

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:

Abrams	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, I.	Garcia	Knickerbocker	Olson, K.	Skoglund
Anderson, R.	Girard	Koppendrayer	Omann	Smith
Anderson, R. H.	Goodno	Krinkie	Onnen	Solberg
Battaglia	Greenfield	Krueger	Orenstein	Sparby
Bauerly	Gruenes	Lasley	Orfield	Stanius
Beard	Gutknecht	Leppik	Osthoff	Sviggum
Begich	Hanson	Lieder	Ostrom	Swenson
Bertram	Hartle	Limmer	Ozment	Thompson
Bettermann	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Rodosovich	Wejcman
Davids	Jefferson	Milbert	Rukavina	Welker
Dawkins	Jennings	Morrison	Runbeck	Welle
Dempsey	Johnson, A.	Munger	Sarna	Wenzel
Dille	Johnson, R.	Murphy	Schafer	Winter
Dorn	Johnson, V.	Nelson, K.	Scheid	Spk. Vanasek
Erhardt	Kahn	Newinski	Schreiber	
Farrell	Kalis	O'Connor	Seaberg	
Frederick	Kelso	Ogren	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. 739, A bill for an act relating to corporations; deleting consideration of the effect of insurance company takeovers on shareholders and creditors; limiting application of fair price provisions to domestic corporations; deleting nexus requirements for application of control share acquisition and business combination statutes; exempting employee stock ownership plans from takeover statutes; modifying limitations on corporate share purchases above market value; amending Minnesota Statutes 1990, sections 60D.02, subdivisions 1, 2, and 4; 60D.06; 60D.08, subdivisions 1 and 2; 60D.11; 60D.12, subdivision 2; 302A.011, subdivisions 38, 39, 49, and by adding subdivisions; and 302A.553, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 302A; repealing Minnesota Statutes 1990, sections 60D.02, subdivision 5; and 80B.06, subdivision 7.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Simoneau moved that the House concur in the Senate amend-

ments to H. F. No. 739 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 739, A bill for an act relating to corporations; deleting consideration of the effect of insurance company takeovers on shareholders and creditors; limiting application of fair price provisions to domestic corporations; deleting nexus requirements for application of control share acquisition and business combination statutes; exempting employee stock ownership plans from takeover statutes; exempting certain transactions from the control share acquisition statute; modifying limitations on corporate share purchases above market value; amending Minnesota Statutes 1990, sections 60D.02, subdivisions 1, 2, and 4; 60D.06; 60D.08, subdivisions 1 and 2; 60D.11; 60D.12, subdivision 2; 302A.011, subdivisions 38, 39, 49, and by adding subdivisions; and 302A.553, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 302A; repealing Minnesota Statutes 1990, sections 60D.02, subdivision 5; and 80B.06, 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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, I.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R.	Girard	Koppendrayer	Omann	Solberg
Anderson, R. H.	Goodno	Krinkie	Onnen	Sparby
Battaglia	Greenfield	Krueger	Orenstein	Stanius
Bauerly	Gruenes	Lasley	Orfield	Steensma
Beard	Gutknecht	Leppik	Osthoff	Sviggum
Begich	Hanson	Lieder	Ostrom	Swenson
Bertram	Hartle	Limmer	Ozment	Thompson
Bettermann	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Rodosovich	Wejcman
Dauner	Jaros	Milbert	Rukavina	Welker
Davids	Jefferson	Morrison	Runbeck	Welle
Dawkins	Jennings	Munger	Sarna	Wenzel
Dempsey	Johnson, A.	Murphy	Schafer	Winter
Dille	Johnson, R.	Nelson, K.	Scheid	Spk. Vanasek
Dorn	Johnson, V.	Nelson, S.	Schreiber	
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	
Frederick	Kelso	Ogren	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. 1422, A bill for an act relating to workers' compensation; regulating benefits and insurance; establishing a permanent commission on workers' compensation; providing penalties; appropriating money; amending Minnesota Statutes 1990, sections 79.252, by adding a subdivision; 176.011, subdivisions 3, 11a, and 18; 176.101, subdivisions 1, 2, and 3f; 176.102, subdivisions 1, 2, 3, 3a, 4, 6, 9, and 11; 176.111, subdivision 18; 176.135, subdivisions 1, 6, and 7; 176.136, subdivisions 1, 2, and by adding subdivisions; 176.155, subdivision 1; 176.645, subdivisions 1 and 2; 176.83, subdivisions 5, 6, and by adding a subdivision; 176A.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 175 and 176; repealing Minnesota Statutes 1990, sections 175.007; and 176.136, subdivision 5; and chapters 79, 175A, and 176.

PATRICK E. FLAHAVEN, Secretary of the Senate

Rukavina moved that the House refuse to concur in the Senate amendments to H. F. No. 1422, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. Nos. 687, 707, 785, 793, 355, 505, 918, 1122, 1399, 804, 859, 885, 971 and 1074.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 302, 373, 420, 515, 274, 1160, 1318, 397, 543, 635, 910, 1216 and 962.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 687, A bill for an act relating to the environment; requiring recycled CFCs used in refrigerant applications to comply with certain standards; proposing coding for new law in Minnesota Statutes, chapter 239.

The bill was read for the first time.

Trimble moved that S. F. No. 687 and H. F. No. 920, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 707, A bill for an act relating to public safety; modifying exceptions to the requirement of inspection of boilers and pressure vessels; amending Minnesota Statutes 1990, section 183.56.

The bill was read for the first time.

Farrell moved that S. F. No. 707 and H. F. No. 1222, 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 financial institutions; permitting interstate banking with additional reciprocating states; amending Minnesota Statutes 1990, section 48.92, subdivision 7.

The bill was read for the first time.

Jacobs moved that S. F. No. 785 and H. F. No. 1178, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 793, A bill for an act relating to the environment; establishing maximum content levels of mercury in batteries; prohibiting certain batteries; amending Minnesota Statutes 1990, sections 115A.9155, subdivision 2; 325E.125, subdivision 2, and by adding a subdivision; and 325E.1251.

The bill was read for the first time.

Wagenius moved that S. F. No. 793 and H. F. No. 927, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 355, A bill for an act relating to animals; providing for

disposition of certain animals taken into custody by public authorities; requiring bond or other security for expenses of care in certain cases; amending Minnesota Statutes 1990, sections 343.22, subdivisions 1 and 3; and 343.29, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 343.

The bill was read for the first time.

Scheid moved that S. F. No. 355 and H. F. No. 343, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 505, A bill for an act relating to state lands; authorizing private sale of certain tax-forfeited land in Washington county.

The bill was read for the first time.

McPherson moved that S. F. No. 505 and H. F. No. 530, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 918, A bill for an act relating to insurance; prohibiting certain agreements; amending Minnesota Statutes 1990, section 60A.08, by adding a subdivision.

The bill was read for the first time.

Carruthers moved that S. F. No. 918 and H. F. No. 1467, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1122, A bill for an act relating to local government; permitting public officers to rent space in public facilities; amending Minnesota Statutes 1990, section 471.88, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 1399, A bill for an act relating to utilities; determining when reconciliation of actual assessments to public utilities and telephone companies must be completed; amending Minnesota Statutes 1990, sections 216B.62, subdivision 3; and 237.295, subdivision 2.

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

S. F. No. 804, A bill for an act relating to corrections; requiring prisoners to pay for medical services to the extent of their ability to pay; requiring the county of residence to pay for medical services to juveniles in custody; providing for reimbursement of the costs of medical services by health insurance or a health plan; requiring county boards to pay for medical services for prisoners in jail; amending Minnesota Statutes 1990, section 641.15; proposing coding for new law in Minnesota Statutes, chapter 260.

The bill was read for the first time.

Skoglund moved that S. F. No. 804 and H. F. No. 688, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 859, A bill for an act relating to local improvements; providing authority for review of assessments for improvements; defining improvements; amending Minnesota Statutes 1990, section 430.102, subdivisions 3 and 4.

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

S. F. No. 885, A bill for an act relating to health; creating a limited exception to the moratorium on licensure of new nursing home beds; allowing a facility with an addendum to its provider agreement to upgrade beds from boarding care beds to nursing home beds; amending Minnesota Statutes 1990, section 144A.071, subdivision 3.

The bill was read for the first time.

Welle moved that S. F. No. 885 and H. F. No. 527, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 971, A bill for an act relating to agriculture; extending the ban on the use of biosynthetic bovine somatotropin by one year; amending Minnesota Statutes 1990, sections 151.01, subdivision 28; 151.15, subdivision 3; and 151.25; and Laws 1990, chapter 526, section 1.

The bill was read for the first time.

Brown moved that S. F. No. 971 and H. F. No. 929, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1074, A bill for an act relating to the city of Mankato; authorizing the city to annex uncontiguous territory to the city.

The bill was read for the first time.

Dorn moved that S. F. No. 1074 and H. F. No. 1226, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 302, A bill for an act relating to signs; requiring recycling centers and junk yards to accept certain hazard signs; amending Minnesota Statutes 1990, sections 115A.555; and 161.242, subdivision 2, and by adding a subdivision.

The bill was read for the first time.

Janezich moved that S. F. No. 302 and H. F. No. 340, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 373, A bill for an act relating to the military; authorizing the commissioner of veterans affairs to assist certain dependents of military personnel who are called to active service; amending Minnesota Statutes 1990, sections 196.05; and 197.03.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

S. F. No. 420, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water in Cass county.

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

S. F. No. 515, A bill for an act relating to natural resources; increasing the number of permits that may be held by one purchaser of timber on state lands; setting an interest rate for certain extensions of the permits; amending Minnesota Statutes 1990, section 90.121.

The bill was read for the first time.

Johnson, R., moved that S. F. No. 515 and H. F. No. 528, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 274, A bill for an act relating to regulation of dangerous dogs; providing for designation of a warning symbol to inform children of the presence of a dangerous dog; amending Minnesota Statutes 1990, section 347.51, by adding a subdivision.

The bill was read for the first time.

Carlson moved that S. F. No. 274 and H. F. No. 162, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1160, A bill for an act relating to local government; providing for the organization, administration, and operation of a hospital district in the county of Swift and the city of Benson.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 1318, A bill for an act relating to real property; authorizing the recording of monuments on plats before actual placement; amending Minnesota Statutes 1990, sections 465.79, subdivisions 2 and 4; 505.02, subdivision 1; and 505.03, subdivision 1.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 397, A bill for an act relating to capital improvements; altering the terms of a grant to the Red Lake watershed district; amending Laws 1990, chapter 610, article 1, section 20, subdivision 5.

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

S. F. No. 543, A bill for an act relating to housing; changing the definition of mentally ill person; consolidating special needs housing programs; clarifying and amending biennial reporting requirement; authorizing new construction of accessible housing; authorizing off-reservation home improvement program; amending Minnesota Statutes 1990, sections 268.39; 462A.03, subdivision 16; 462A.05, subdivision 20; 462A.08, subdivision 2; 462A.21, subdivisions 4k, 12a, and 14; 462A.22, subdivision 9; 474A.048, subdivision 2; Laws 1987, chapter 404, section 28, subdivision 1; Laws 1989, chapter 335, article 1, section 27, subdivision 1, as amended; repealing Minnesota Statutes 1990, section 462A.05, subdivisions 28 and 29.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 635, A bill for an act relating to commerce; prohibiting certain agreements between insurers and health care providers; proposing coding for new law in Minnesota Statutes, chapter 62A.

The bill was read for the first time.

Lourey moved that S. F. No. 635 and H. F. No. 821, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 910, A bill for an act relating to health; providing clarification of various laws relating to public health issues; providing penalties; amending Minnesota Statutes 1990, sections 115.71, subdivision 9, and by adding a subdivision; 144.698, subdivision 1; 145.43, subdivision 1a; 153A.15, subdivision 4, and by adding a subdivision; 153A.17; and 268.12, subdivision 12; proposing coding for new law in Minnesota Statutes, chapters 144; 147; and 176; repealing Minnesota Statutes 1990, sections 115.71, subdivision 7; 145.34; 145.35; and 153A.16.

The bill was read for the first time.

Greenfield moved that S. F. No. 910 and H. F. No. 1462, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1216, A bill for an act relating to state lands; allowing sales of certain state lands to be held in counties adjacent to the county where the land is located; allowing the commissioner of natural resources to sell certain state lands bordering public waters; transferring state land by private sale to the town board of the town of Lake in Roseau county; amending Minnesota Statutes 1990, sections 92.03, subdivision 1; 92.12, subdivision 4; 92.13; 92.14; 92.67, subdivision 1; and Laws 1986, chapter 449, section 6.

The bill was read for the first time.

Tunheim moved that S. F. No. 1216 and H. F. No. 1323, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 962, A bill for an act relating to natural resources; revising certain provisions regarding the leasing of state-owned iron ore and related minerals; amending Minnesota Statutes 1990,

sections 93.16; 93.17, subdivisions 1 and 3; and 93.20, by adding a subdivision; repealing Minnesota Statutes 1990, section 93.20, subdivision 9.

The bill was read for the first time.

Begich moved that S. F. No. 962 and H. F. No. 817, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

CONSENT CALENDAR

H. F. No. 654, A bill for an act relating to human services; requiring training of child care providers to include training in cultural sensitivity; amending Minnesota Statutes 1990, section 245A.14, 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 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Farrell	Kahn	Newinski	Schreiber
Anderson, I.	Frederick	Kalis	O'Connor	Seaberg
Anderson, R.	Frerichs	Kelso	Ogren	Segal
Anderson, R. H.	Garcia	Kinkel	Olsen, S.	Simoneau
Battaglia	Girard	Knickerbocker	Olson, K.	Skoglund
Bauerly	Goodno	Koppendrayer	Omann	Smith
Beard	Greenfield	Krueger	Onnen	Solberg
Begich	Gruenes	Lasley	Orenstein	Sparby
Bertram	Gutknecht	Leppik	Orfield	Stanius
Bettermann	Hanson	Lieder	Osthoff	Steensma
Bishop	Hartle	Limmer	Ostrom	Sviggum
Blatz	Hasskamp	Long	Ozment	Swenson
Bodahl	Haukoos	Lourey	Pauly	Thompson
Boo	Hausman	Lynch	Pellow	Trimble
Brown	Heir	Macklin	Pelowski	Tunheim
Carlson	Henry	Mariani	Peterson	Uphus
Carruthers	Hufnagle	Marsh	Pugh	Valento
Clark	Hugoson	McEachern	Reding	Vellenga
Cooper	Jacobs	McGuire	Rest	Wagenius
Dauner	Janezich	McPherson	Rice	Waltman
Davids	Jaros	Milbert	Rodosovich	Weaver
Dawkins	Jefferson	Morrison	Rukavina	Wejcman
Dempsey	Jennings	Munger	Runbeck	Welle
Dille	Johnson, A.	Murphy	Sarna	Wenzel
Dorn	Johnson, R.	Nelson, K.	Schafer	Winter
Erhardt	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek

Those who voted in the negative were:

Krinkie	Welker

The bill was passed and its title agreed to.

H. F. No. 1542, A bill for an act relating to motor vehicles; clarifying that engines may be replaced under certain conditions; amending Minnesota Statutes 1990, sections 116.63, subdivision 3; and 325E.0951, subdivision 3; 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R. H.	Girard	Koppendrayer	Omann	Solberg
Battaglia	Goodno	Krinkie	Onnen	Sparby
Bauerly	Greenfield	Krueger	Orenstein	Stanius
Beard	Gruenes	Lasley	Orfield	Steensma
Begich	Gutknecht	Leppik	Osthoff	Sviggum
Bertram	Hanson	Lieder	Ostrom	Swenson
Bettermann	Hartle	Limmer	Ozment	Thompson
Bishop	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Rodosovich	Wejcman
Dauner	Jaros	Milbert	Rukavina	Welker
Davids	Jefferson	Morrison	Runbeck	Welle
Dawkins	Jennings	Munger	Sarna	Wenzel
Dempsey	Johnson, A.	Murphy	Schafer	Winter
Dille	Johnson, R.	Nelson, K.	Scheid	Spk. Vanasek
Dorn	Johnson, V.	Nelson, S.	Schreiber	
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

The bill was passed and its title agreed to.

S. F. No. 81 was reported to the House.

Janezich moved to amend S. F. No. 81, the unofficial engrossment, as follows:

Pages 1 and 2, delete section 1

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

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

Upon objection of ten members S. F. No. 81, the unofficial engrossment, as amended, was stricken from the Consent Calendar and placed on General Orders.

The Speaker called Krueger to the Chair.

S. F. No. 368, A bill for an act relating to motor vehicles; requiring the appointment of officers of statutory and home rule charter cities as deputy registrars in certain circumstances; amending Minnesota Statutes 1990, section 168.33, subdivision 2.

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

The question was taken on the passage of the bill and the roll was called. There were 123 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Abrams	Farrell	Kahn	O'Connor	Simoneau
Anderson, I.	Frederick	Kalis	Ogren	Skoglund
Anderson, R.	Frerichs	Kelso	Olsen, S.	Smith
Anderson, R. H.	Garcia	Kinkel	Olson, K.	Solberg
Battaglia	Girard	Knickerbocker	Omann	Sparby
Bauerly	Goodno	Koppendrayer	Onnen	Stanius
Beard	Greenfield	Krinkie	Orenstein	Steensma
Begich	Gruenes	Krueger	Orfield	Sviggum
Bertram	Gutknecht	Lasley	Ostrom	Swenson
Bettermann	Hartle	Leppik	Ozment	Thompson
Bishop	Hasskamp	Lieder	Pauly	Trimble
Blatz	Haukoos	Limmer	Pellow	Tunheim
Bodahl	Hausman	Long	Pelowski	Uphus
Boo	Heir	Lourey	Pugh	Valento
Carlson	Henry	Lynch	Reding	Vellenga
Carruthers	Hufnagle	Macklin	Rest	Wagenius
Clark	Hugoson	Mariani	Rice	Waltman
Cooper	Jacobs	Marsh	Rodosovich	Weaver
Dauner	Janezich	McGuire	Rukavina	Wejcman
Davids	Jaros	McPherson	Runbeck	Welker
Dawkins	Jefferson	Milbert	Sarna	Welle
Dempsey	Jennings	Morrison	Schafer	Wenzel
Dille	Johnson, A.	Murphy	Schreiber	Winter
Dorn	Johnson, R.	Nelson, K.	Seaberg	
Erhardt	Johnson, V.	Newinski	Segal	

Those who voted in the negative were:

Brown	McEachern	Osthoff
Hanson	Nelson, S.	Peterson

The bill was passed and its title agreed to.

SPECIAL ORDERS

H. F. No. 1151, A bill for an act relating to the city of Saint Paul; exempting certain port authority activities from competitive bidding; amending Minnesota Statutes 1990, section 469.084, 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:

Abrams	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R. H.	Girard	Koppendrayer	Omann	Solberg
Battaglia	Goodno	Krinkie	Onnen	Sparby
Bauerly	Greenfield	Krueger	Orenstein	Stanius
Beard	Gruenes	Lasley	Orfield	Steensma
Begich	Gutknecht	Leppik	Osthoff	Sviggum
Bertram	Hanson	Lieder	Ostrom	Swenson
Bettermann	Hartle	Limmer	Ozment	Thompson
Bishop	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Rodosovich	Wejcman
Dauner	Jaros	Milbert	Rukavina	Welker
Davids	Jefferson	Morrison	Runbeck	Welle
Dawkins	Jennings	Munger	Sarna	Wenzel
Dempsey	Johnson, A.	Murphy	Schafer	Winter
Dille	Johnson, R.	Nelson, K.	Scheid	
Dorn	Johnson, V.	Nelson, S.	Schreiber	
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

The bill was passed and its title agreed to.

H. F. No. 693 was reported to the House.

Carruthers moved to amend H. F. No. 693, the first engrossment, as follows:

Page 10, line 15, after "alters" insert "or obtains under false pretenses"

The motion prevailed and the amendment was adopted.

Carruthers moved to amend H. F. No. 693, the first engrossment, as amended, as follows:

Page 10, line 12, before the period, insert "due to the patient's condition or the nature of the medical emergency"

The motion prevailed and the amendment was adopted.

H. F. No. 693, A bill for an act relating to data practices; providing for classifications of government data; amending Minnesota Statutes 1990, sections 13.01, by adding a subdivision; 13.03, by adding a subdivision; 13.40; 13.43, subdivision 2 and by adding a subdivision; 13.55; 13.82, subdivisions 4 and 10; 13.83, subdivisions 4, 8, and by adding a subdivision; 13.84, by adding a subdivision; 144.335, by adding a subdivision; 169.09, subdivision 13; 260.161, subdivision 3; 383B.225, subdivision 6; 390.11, subdivision 7; 390.32, subdivision 6; 403.07, subdivision 4; 595.024, subdivision 3; and 626.556, subdivision 11c, and by adding a subdivision; proposing coding for new law in chapter 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Brown	Frerichs	Hufnagle	Knickerbocker
Anderson, I.	Carlson	Garcia	Hugoson	Koppendrayer
Anderson, R.	Carruthers	Girard	Jacobs	Krinkie
Anderson, R. H.	Clark	Goodno	Janezich	Krueger
Battaglia	Cooper	Greenfield	Jaros	Lasley
Bauerly	Dauner	Gruenes	Jefferson	Leppik
Beard	Davids	Gutknecht	Jennings	Lieder
Begich	Dawkins	Hanson	Johnson, A.	Limmer
Bertram	Dempsey	Hartle	Johnson, R.	Long
Bettermann	Dille	Hasskamp	Johnson, V.	Lourey
Bishop	Dorn	Haukoos	Kahn	Lynch
Blatz	Erhardt	Hausman	Kalis	Macklin
Bodahl	Farrell	Heir	Kelso	Mariani
Boo	Frederick	Henry	Kinkel	Marsh

McEachern	Olson, K.	Reding	Skoglund	Vellenga
McGuire	Omann	Rest	Smith	Wagenius
McPherson	Onnen	Rice	Solberg	Waltman
Milbert	Orenstein	Rodosovich	Sparby	Weaver
Morrison	Orfield	Rukavina	Stanius	Wejcman
Munger	Osthoff	Runbeck	Steensma	Welker
Murphy	Ostrom	Sarna	Sviggum	Welle
Nelson, K.	Ozment	Schafer	Swenson	Wenzel
Nelson, S.	Pauly	Scheid	Thompson	Winter
Newinski	Pellow	Schreiber	Trimble	Spk. Vanasek
O'Connor	Pelowski	Seaberg	Tunheim	
Ogren	Peterson	Segal	Uphus	
Olsen, S.	Pugh	Simoneau	Valento	

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

S. F. No. 729 was reported to the House.

Pugh moved to amend S. F. No. 729, as follows:

Page 1, line 16, after "who" insert "is on active duty and has"

Page 1, line 17, after "successfully" delete "completes" and insert "completed"

The motion prevailed and the amendment was adopted.

S. F. No. 729, A bill for an act relating to game and fish; qualifications for obtaining a license to take wild animals by firearms; proposing coding for new law in Minnesota Statutes, chapter 97B.

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 4 nays as follows:

Those who voted in the affirmative were:

Abrams	Bodahl	Erhardt	Hasskamp	Johnson, R.
Anderson, I.	Boo	Farrell	Haukoos	Johnson, V.
Anderson, R.	Brown	Frederick	Hausman	Kahn
Anderson, R. H.	Carlson	Frerichs	Heir	Kalis
Battaglia	Carruthers	Garcia	Henry	Kelso
Bauerly	Clark	Girard	Hugoson	Kinkel
Beard	Cooper	Goodno	Jacobs	Knickerbocker
Begich	Dauner	Greenfield	Janezich	Koppendrayer
Bertram	Davids	Gruenes	Jaros	Krinkie
Bettermann	Dawkins	Gutknecht	Jefferson	Krueger
Bishop	Dempsey	Hanson	Jennings	Lasley
Blatz	Dorn	Hartle	Johnson, A.	Leppik

Lieder	Nelson, K.	Pellow	Seaberg	Uphus
Limmer	Nelson, S.	Pelowski	Segal	Valento
Long	Newinski	Peterson	Simoneau	Vellenga
Lourey	O'Connor	Pugh	Skoglund	Wagenius
Lynch	Ogren	Reding	Smith	Waltman
Macklin	Olsen, S.	Rest	Solberg	Wejcman
Mariani	Olson, K.	Rice	Sparby	Welker
McEachern	Omann	Rodosovich	Stanius	Welle
McGuire	Orenstein	Rukavina	Steensma	Wenzel
McPherson	Orfield	Runbeck	Sviggum	Winter
Milbert	Osthoff	Sarna	Swenson	Spk. Vanasek
Morrison	Ostrom	Schafer	Thompson	
Munger	Ozment	Scheid	Trimble	
Murphy	Pauly	Schreiber	Tunheim	

Those who voted in the negative were:

Dille	Hufnagle	Marsh	Onnen

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

H. F. No. 1039, A bill for an act relating to public employees; regulating insurance benefits; amending Minnesota Statutes 1990, sections 43A.04, by adding a subdivision; 43A.13, by adding a subdivision; and 43A.316, 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dorn	Jennings	McPherson	Reding
Anderson, I.	Erhardt	Johnson, A.	Milbert	Rest
Anderson, R.	Farrell	Johnson, R.	Morrison	Rice
Anderson, R. H.	Frederick	Johnson, V.	Munger	Rodosovich
Battaglia	Frerichs	Kahn	Murphy	Rukavina
Bauerly	Garcia	Kalis	Nelson, K.	Runbeck
Beard	Girard	Kelso	Nelson, S.	Sarna
Begich	Goodno	Kinkel	Newinski	Schafer
Bertram	Greenfield	Knickerbocker	O'Connor	Scheid
Bettermann	Gruenes	Koppendrayer	Ogren	Schreiber
Bishop	Gutknecht	Krinkie	Olsen, S.	Seaberg
Blatz	Hanson	Krueger	Olson, K.	Segal
Bodahl	Hartle	Lasley	Omann	Simoneau
Boo	Hasskamp	Leppik	Onnen	Skoglund
Brown	Haukoos	Lieder	Orenstein	Smith
Carlson	Hausman	Limmer	Orfield	Solberg
Carruthers	Heir	Long	Osthoff	Sparby
Clark	Henry	Lourey	Ostrom	Stanius
Cooper	Hufnagle	Lynch	Ozment	Steensma
Dauner	Hugoson	Macklin	Pauly	Sviggum
Davids	Jacobs	Mariani	Pellow	Swenson
Dawkins	Janezich	Marsh	Pelowski	Thompson
Dempsey	Jaros	McEachern	Peterson	Trimble
Dille	Jefferson	McGuire	Pugh	Tunheim

Uphus	Wagenius	Wejcman	Wenzel
Valento	Waltman	Welker	Winter
Vellenga	Weaver	Welle	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 997 was reported to the House.

Orenstein moved that H. F. No. 997 be continued on Special Orders. The motion prevailed.

H. F. No. 525, A bill for an act relating to insurance; regulating claim denial; requiring chemical dependency claim reviewers to meet certain qualifications; requiring insurers to file an annual report on evaluations with the commissioner of commerce; amending Minnesota Statutes 1990, section 72A.201, 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:

Abrams	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R. H.	Girard	Koppendrayer	Omann	Solberg
Battaglia	Goodno	Krinkie	Onnen	Sparby
Bauerly	Greenfield	Krueger	Orenstein	Stanius
Beard	Gruenes	Lasley	Orfield	Steensma
Begich	Gutknecht	Leppik	Osthoff	Sviggum
Bertram	Hanson	Lieder	Ostrom	Swenson
Bettermann	Hartle	Limmer	Ozment	Trimble
Bishop	Hasskamp	Long	Pauly	Tunheim
Blatz	Haukoos	Lourey	Pellow	Uphus
Bodahl	Hausman	Lynch	Pelowski	Valento
Boo	Heir	Macklin	Peterson	Vellenga
Brown	Henry	Mariani	Pugh	Wagenius
Carlson	Hufnagle	Marsh	Reding	Waltman
Carruthers	Hugoson	McEachern	Rest	Weaver
Clark	Jacobs	McGuire	Rice	Wejcman
Cooper	Janezich	McPherson	Rodosovich	Welker
Dauner	Jaros	Milbert	Rukavina	Welle
Davids	Jefferson	Morrison	Runbeck	Wenzel
Dawkins	Jennings	Munger	Sarna	Winter
Dempsey	Johnson, A.	Murphy	Schafer	Spk. Vanasek
Dille	Johnson, R.	Nelson, K.	Scheid	
Dorn	Johnson, V.	Nelson, S.	Schreiber	
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

The bill was passed and its title agreed to.

S. F. No. 328 was reported to the House.

Skoglund moved that S. F. No. 328 be continued and be placed at the end of Special Orders. The motion prevailed.

H. F. No. 1249, A bill for an act relating to the city of St. Paul; providing certain economic development authority.

The bill was read for 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 10 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Frederick	Knickerbocker	Olson, K.	Skoglund
Anderson, R.	Garcia	Koppendrayer	Omann	Smith
Anderson, R. H.	Goodno	Krueger	Orenstein	Solberg
Battaglia	Greenfield	Lasley	Orfield	Sparby
Bauerly	Gutknecht	Leppik	Osthoff	Stanius
Beard	Hanson	Lieder	Ostrom	Steensma
Begich	Hartle	Limmer	Ozment	Swenson
Bertram	Hasskamp	Long	Pauly	Thompson
Bettermann	Hausman	Lourey	Pellow	Trimble
Bishop	Heir	Lynch	Pelowski	Tunheim
Blatz	Henry	Macklin	Peterson	Uphus
Bodahl	Hufnagle	Mariani	Pugh	Valento
Boo	Hugoson	Marsh	Reding	Vellenga
Brown	Jacobs	McEachern	Rest	Wagenius
Carlson	Janezich	McGuire	Rice	Waltman
Carruthers	Jaros	McPherson	Rodosovich	Weaver
Clark	Jefferson	Milbert	Rukavina	Wejcman
Cooper	Jennings	Morrison	Runbeck	Welle
Dauner	Johnson, A.	Munger	Sarna	Wenzel
Davids	Johnson, R.	Murphy	Schafer	Winter
Dawkins	Johnson, V.	Nelson, K.	Scheid	Spk. Vanasek
Dille	Kahn	Nelson, S.	Schreiber	
Dorn	Kalis	Newinski	Seaberg	
Erhardt	Kelso	O'Connor	Segal	
Farrell	Kinkel	Ogren	Simoneau	

Those who voted in the negative were:

Abrams	Girard	Haukoos	Olsen, S.	Sviggum
Frerichs	Gruenes	Krinkie	Onnen	Welker

The bill was passed and its title agreed to.

S. F. No. 286, A bill for an act relating to cities of the first class; providing for the organization and powers of neighborhood revital-

ization policy boards; amending Minnesota Statutes 1990, section 469.1831, 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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Olsen, S.	Skoglund
Anderson, I.	Frerichs	Kinkel	Olson, K.	Smith
Anderson, R.	Garcia	Knickerbocker	Omann	Solberg
Anderson, R. H.	Girard	Koppendrayer	Onnen	Sparby
Battaglia	Goodno	Krueger	Orenstein	Stanius
Bauerly	Greenfield	Lasley	Orfield	Steensma
Beard	Gruenes	Leppik	Osthoff	Sviggum
Begich	Gutknecht	Lieder	Ostrom	Swenson
Bertram	Hanson	Limmer	Ozment	Thompson
Bettermann	Hartle	Long	Pauly	Trimble
Bishop	Hasskamp	Lourey	Pellow	Tunheim
Blatz	Haukoos	Lynch	Pelowski	Uphus
Bodahl	Hausman	Macklin	Peterson	Valento
Boo	Heir	Mariani	Pugh	Vellenga
Brown	Henry	Marsh	Reding	Wagenius
Carlson	Hufnagle	McEachern	Rest	Waltman
Carruthers	Hugoson	McGuire	Rice	Weaver
Clark	Jacobs	McPherson	Rodosovich	Wejcman
Cooper	Janezich	Milbert	Rukavina	Welker
Dauner	Jaros	Morrison	Runbeck	Welle
Davids	Jefferson	Munger	Sarna	Wenzel
Dawkins	Jennings	Murphy	Schafer	Winter
Dempsey	Johnson, A.	Nelson, K.	Scheid	Spk. Vanasek
Dille	Johnson, R.	Nelson, S.	Schreiber	
Dorn	Johnson, V.	Newinski	Seaberg	
Erhardt	Kahn	O'Connor	Segal	
Farrell	Kalis	Ogren	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 1475, A bill for an act relating to education; requiring post-secondary governing boards to report on cultural diversity.

The bill was read for 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:

Abrams	Anderson, R. H.	Beard	Bettermann	Bodahl
Anderson, I.	Battaglia	Begich	Bishop	Boo
Anderson, R.	Bauerly	Bertram	Blatz	Brown

Carlson	Hausman	Limmer	Orfield	Solberg
Carruthers	Heir	Long	Osthoff	Sparby
Clark	Henry	Lourey	Ostrom	Stanius
Cooper	Hufnagle	Lynch	Ozment	Steensma
Dauner	Hugoson	Macklin	Pauly	*Sviggum*
Davids	Jacobs	Mariani	Pellow	Swenson
Dawkins	Janezich	Marsh	Pelowski	Thompson
Dempsey	Jaros	McEachern	Peterson	Trimble
Dille	Jefferson	McGuire	Pugh	Tunheim
Dorn	Jennings	McPherson	Reding	Uphus
Erhardt	Johnson, A.	Milbert	Rest	Valento
Farrell	Johnson, R.	Morrison	Rice	Vellenga
Frederick	Johnson, V.	Munger	Rodosovich	Wagenius
Frerichs	Kahn	Murphy	Rukavina	Waltman
Garcia	Kalis	Nelson, K.	Runbeck	Weaver
Girard	Kelso	Nelson, S.	Sarna	Wejcman
Goodno	Kinkel	Newinski	Schafer	Welker
Greenfield	Knickerbocker	O'Connor	Scheid	Welle
Gruenes	Koppendrayer	Ogren	Schreiber	Wenzel
Gutknecht	Krinkie	Olsen, S.	Seaberg	Winter
Hanson	Krueger	Olson, K.	Segal	Spk. Vanasek
Hartle	Lasley	Omann	Simoneau	
Hasskamp	Leppik	Onnen	Skoglund	
Haukoos	Lieder	Orenstein	Smith	

The bill was passed and its title agreed to.

H. F. No. 1286 was reported to the House.

Farrell and Hufnagle moved to amend H. F. No. 1286, the first engrossment, as follows:

Page 2, line 20, after the period, insert "This subdivision does not apply to financing statements filed under chapter 336."

Page 3, after line 18, insert:

"Sec. 4. [5.24] [SUPPLEMENTAL FILING AND INFORMATION SERVICES.]

(a) The secretary of state may offer services to the public that supplement filing and information services already authorized by law. The secretary of state may discontinue the supplemental services at any time. The services must be designed to provide the public with a benefit by improving the manner of providing, or by providing an alternative manner of payment for, existing services provided by the secretary of state.

(b) The cost of providing the supplemental services to the public, as determined by the secretary of state, must be recovered from the recipients of the services. The funds collected for the services must be deposited in the uniform commercial code account and are continuously available to the secretary of state for payment of the cost of providing the supplemental services."

Pages 12 and 13, delete section 17

Page 13, line 4, delete "4," and delete "11, 13, 14, 15," and insert "7, 12, 14, 15, and 16"

Page 13, line 5, after the period, insert "Section 4 is effective July 1, 1991."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 1286, A bill for an act relating to the secretary of state; changing certain fees, deadlines, and procedures; providing for supplemental filing and information services; providing for removal of documents from the public record; clarifying certain language; amending Minnesota Statutes 1990, sections 5.03; 5.16, subdivision 5; 302A.821, subdivisions 3, 4, and 5; 303.07, subdivision 2; 303.08; 303.13, subdivision 1; 303.17, subdivision 1; 308A.131, subdivision 1; 308A.801, subdivision 6; 317A.821, subdivision 2; 317A.823; 317A.827, subdivision 1; and 331A.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Carruthers	Greenfield	Jennings	Long
Anderson, I.	Clark	Gruenes	Johnson, A.	Lourey
Anderson, R.	Cooper	Gutknecht	Johnson, R.	Lynch
Anderson, R. H.	Dauner	Hanson	Johnson, V.	Macklin
Battaglia	Davids	Hartle	Kahn	Mariani
Bauerly	Dawkins	Hasskamp	Kalis	Marsh
Beard	Dempsey	Haukoos	Kelso	McEachern
Begich	Dille	Hausman	Kinkel	McGuire
Bertram	Dorn	Heir	Knickerbocker	McPherson
Bettermann	Erhardt	Henry	Koppendrayer	Milbert
Bishop	Farrell	Hufnagle	Krinkie	Morrison
Blatz	Frederick	Hugoson	Krueger	Munger
Bodahl	Frerichs	Jacobs	Lasley	Murphy
Boo	Garcia	Janezich	Leppik	Nelson, K.
Brown	Girard	Jaros	Lieder	Nelson, S.
Carlson	Goodno	Jefferson	Limmer	Newinski

O'Connor	Pauly	Sarna	Stanius	Waltman
Ogren	Pellow	Schafer	Steensma	Weaver
Olsen, S.	Pelowski	Scheid	Sviggum	Wejcman
Olson, K.	Peterson	Schreiber	Swenson	Welker
Omann	Pugh	Seaberg	Thompson	Welle
Onnen	Reding	Segal	Trimble	Wenzel
Orenstein	Rest	Simoneau	Tunheim	Winter
Orfield	Rice	Skoglund	Uphus	Spk. Vanasek
Osthoff	Rodosovich	Smith	Valento	
Ostrom	Rukavina	Solberg	Vellenga	
Ozment	Runbeck	Sparby	Wagenius	

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

H. F. No. 1066, A bill for an act relating to health; modifying the definition of and requirements related to review organizations; amending Minnesota Statutes 1990, sections 145.61, subdivisions 4a, 5, and by adding a subdivision; 145.63, subdivision 1; and 145.64.

The bill was read for 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:

Abrams	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R. H.	Girard	Koppendrayer	Omann	Solberg
Battaglia	Goodno	Krinkie	Onnen	Sparby
Bauerly	Greenfield	Krueger	Orenstein	Stanius
Beard	Gruenes	Lasley	Orfield	Steensma
Begich	Gutknecht	Leppik	Osthoff	Sviggum
Bertram	Hanson	Lieder	Ostrom	Swenson
Bettermann	Hartle	Limmer	Ozment	Thompson
Bishop	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Rodosovich	Wejcman
Dauner	Jaros	Milbert	Rukavina	Welker
Davids	Jefferson	Morrison	Runbeck	Welle
Dawkins	Jennings	Munger	Sarna	Wenzel
Dempsey	Johnson, A.	Murphy	Schafer	Winter
Dille	Johnson, R.	Nelson, K.	Scheid	Spk. Vanasek
Dorn	Johnson, V.	Nelson, S.	Schreiber	
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

The bill was passed and its title agreed to.

H. F. No. 882, A bill for an act relating to traffic regulations; increasing criminal and civil penalties for littering; amending Minnesota Statutes 1990, sections 169.42, subdivision 5; and 169.421, 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 130 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kelso	O'Connor	Seaberg
Anderson, I.	Garcia	Kinkel	Ogren	Segal
Anderson, R.	Girard	Knickerbocker	Olsen, S.	Simoneau
Anderson, R. H.	Goodno	Koppendrayer	Olson, K.	Skoglund
Battaglia	Greenfield	Krinkie	Omann	Smith
Bauerly	Gruenes	Krueger	Onnen	Solberg
Beard	Gutknecht	Lasley	Orenstein	Sparby
Begich	Hanson	Leppik	Orfield	Stanius
Bertram	Hartle	Lieder	Osthoff	Steensma
Bettermann	Hasskamp	Limmer	Ostrom	Sviggum
Blatz	Haukoos	Long	Ozment	Swenson
Bodahl	Hausman	Lourey	Pauly	Thompson
Boo	Heir	Lynch	Pellow	Trimble
Brown	Henry	Macklin	Pelowski	Tunheim
Carlson	Hufnagle	Mariani	Peterson	Uphus
Carruthers	Hugoson	Marsh	Pugh	Valento
Clark	Jacobs	McEachern	Reding	Vellenga
Cooper	Janezich	McGuire	Rest	Wagenius
Davids	Jaros	McPherson	Rice	Waltman
Dawkins	Jefferson	Milbert	Rodosovich	Weaver
Dempsey	Jennings	Morrison	Rukavina	Wejcman
Dille	Johnson, A.	Munger	Runbeck	Welker
Dorn	Johnson, R.	Murphy	Sarna	Welle
Erhardt	Johnson, V.	Nelson, K.	Schafer	Wenzel
Farrell	Kahn	Nelson, S.	Scheid	Winter
Frederick	Kalis	Newinski	Schreiber	Spk. Vanasek

Those who voted in the negative were:

Dauner

The bill was passed and its title agreed to.

H. F. No. 1371, A bill for an act relating to agriculture; extending the right of first refusal on foreclosed farm land to ten years; amending Minnesota Statutes 1990, section 500.24, 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 112 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Frerichs	Kinkel	Olson, K.	Smith
Anderson, R.	Garcia	Knickerbocker	Omann	Solberg
Battaglia	Goodno	Krueger	Onnen	Sparby
Bauerly	Greenfield	Lasley	Orenstein	Steensma
Beard	Gruenes	Leppik	Orfield	Sviggum
Begich	Hanson	Lieder	Ostrom	Swenson
Bertram	Hartle	Long	Ozment	Thompson
Bishop	Hasskamp	Lourey	Pauly	Trimble
Blatz	Haukoos	Lynch	Pelowski	Tunheim
Bodahl	Hausman	Macklin	Peterson	Uphus
Boo	Heir	Mariani	Pugh	Valento
Brown	Henry	McEachern	Reding	Vellenga
Carlson	Jacobs	McGuire	Rest	Wagenius
Carruthers	Janezich	McPherson	Rice	Waltman
Clark	Jaros	Milbert	Rodosovich	Weaver
Cooper	Jefferson	Morrison	Rukavina	Wejcman
Dauner	Jennings	Munger	Runbeck	Welle
Dawkins	Johnson, A.	Murphy	Sarna	Wenzel
Dille	Johnson, R.	Nelson, K.	Schafer	Winter
Dorn	Johnson, V.	Nelson, S.	Schreiber	Spk. Vanasek
Erhardt	Kahn	Newinski	Segal	
Farrell	Kalis	O'Connor	Simoneau	
Frederick	Kelso	Ogren	Skoglund	

Those who voted in the negative were:

Abrams	Dempsey	Hugoson	Marsh	Scheid
Anderson, R. H.	Girard	Koppendrayer	Olsen, S.	Seaberg
Bettermann	Gutknecht	Krinkie	Osthoff	Welker
Davids	Hufnagle	Limmer	Pellow	

The bill was passed and its title agreed to.

S. F. No. 550, A bill for an act relating to health; employee drug testing; clarifying requirements for labs that test employees for drugs; amending Minnesota Statutes 1990, sections 181.950, subdivisions 2, 5, 8, and 10; 181.951, subdivision 1; 181.953, subdivisions 1, 3, 5, and 9; and 626.5562, subdivision 5; repealing Minnesota Statutes 1990, sections 181.950, subdivision 3; and 181.953, subdivision 2; Minnesota Rules, parts 4740.0100 to 4740.1090.

The bill was read for 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:

Abrams	Beard	Bodahl	Cooper	Dorn
Anderson, I.	Begich	Boo	Dauner	Erhardt
Anderson, R.	Bertram	Brown	Davids	Farrell
Anderson, R. H.	Bettermann	Carlson	Dawkins	Frederick
Battaglia	Bishop	Carruthers	Dempsey	Frerichs
Bauerly	Blatz	Clark	Dille	Garcia

Girard	Johnson, V.	McPherson	Pelowski	Steensma
Goodno	Kahn	Milbert	Peterson	Sviggum
Greenfield	Kalis	Morrison	Pugh	Swenson
Gruenes	Kelso	Munger	Reding	Thompson
Gutknecht	Kinkel	Murphy	Rest	Trimble
Hanson	Knickerbocker	Nelson, K.	Rice	Tunheim
Hartle	Koppendrayer	Nelson, S.	Rodosovich	Uphus
Hasskamp	Krinkie	Newinski	Rukavina	Valento
Haukoos	Krueger	O'Connor	Runbeck	Vellenga
Hausman	Lasley	Ogren	Sarna	Wagenius
Heir	Leppik	Olsen, S.	Schafer	Waltman
Henry	Lieder	Olson, K.	Scheid	Weaver
Hufnagle	Limmer	Omann	Schreiber	Wejcman
Hugoson	Long	Onnen	Seaberg	Welker
Jacobs	Lourey	Orenstein	Segal	Welle
Janezich	Lynch	Orfield	Simoneau	Wenzel
Jaros	Macklin	Osthoff	Skoglund	Winter
Jefferson	Mariani	Ostrom	Smith	Spk. Vanasek
Jennings	Marsh	Ozment	Solberg	
Johnson, A.	McEachern	Pauly	Sparby	
Johnson, R.	McGuire	Pellow	Stanius	

The bill was passed and its title agreed to.

Haukoos and Morrison were excused for the remainder of today's session.

H. F. No. 143, A bill for an act relating to appropriations; removing certain directions, limits, and provisos on the use of money for certain projects; amending Laws 1990, chapter 610, article 1, section 9, 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:

Abrams	Cooper	Hartle	Kinkel	Milbert
Anderson, I.	Dauner	Hasskamp	Knickerbocker	Munger
Anderson, R.	Davids	Hausman	Koppendrayer	Nelson, K.
Anderson, R. H.	Dawkins	Heir	Krinkie	Nelson, S.
Battaglia	Dempsey	Henry	Krueger	Newinski
Bauerly	Dille	Hufnagle	Lasley	O'Connor
Beard	Dorn	Hugoson	Leppik	Ogren
Begich	Erhardt	Jacobs	Lieder	Olsen, S.
Bertram	Farrell	Janezich	Limmer	Olson, K.
Bettermann	Frederick	Jaros	Long	Omann
Bishop	Frerichs	Jefferson	Lourey	Onnen
Blatz	Garcia	Jennings	Lynch	Orenstein
Bodahl	Girard	Johnson, A.	Macklin	Orfield
Boo	Goodno	Johnson, R.	Mariani	Osthoff
Brown	Greenfield	Johnson, V.	Marsh	Ostrom
Carlson	Gruenes	Kahn	McEachern	Ozment
Carruthers	Gutknecht	Kalis	McGuire	Pauly
Clark	Hanson	Kelso	McPherson	Pellow

Pelowski	Sarna	Smith	Trimble	Wejcman
Peterson	Schafer	Solberg	Tunheim	Welker
Pugh	Scheid	Sparby	Uphus	Welle
Reding	Schreiber	Stanius	Valento	Wenzel
Rest	Seaberg	Steensma	Vellenga	Winter
Rodosovich	Segal	Sviggum	Wagenius	Spk. Vanasek
Rukavina	Simoneau	Swenson	Waltman	
Runbeck	Skoglund	Thompson	Weaver	

The bill was passed and its title agreed to.

S. F. No. 732, A bill for an act relating to natural resources; offering an alternative to bond or deposit requirements on contracts for cutting timber; allowing reduction in value of letters of credit given as security for timber permits; amending Minnesota Statutes 1990, section 90.173; proposing coding for new law in Minnesota Statutes, chapter 90.

The bill was read for 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:

Abrams	Farrell	Kalis	O'Connor	Seaberg
Anderson, I.	Frederick	Kelso	Ogren	Segal
Anderson, R.	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, R. H.	Garcia	Knickerbocker	Olson, K.	Skoglund
Battaglia	Girard	Koppendrayer	Omann	Smith
Bauerly	Goodno	Krinkie	Onnen	Solberg
Beard	Greenfield	Krueger	Orenstein	Sparby
Begich	Gruenes	Lasley	Orfield	Stanius
Bertram	Gutknecht	Leppik	Osthoff	Steensma
Bettermann	Hanson	Lieder	Ostrom	Sviggum
Bishop	Hartle	Limmer	Ozment	Swenson
Blatz	Hasskamp	Long	Pauly	Thompson
Bodahl	Hausman	Lourey	Pellow	Trimble
Boo	Heir	Lynch	Pelowski	Tunheim
Brown	Henry	Macklin	Peterson	Uphus
Carlson	Hufnagle	Mariani	Pugh	Valento
Carruthers	Hugoson	Marsh	Reding	Wagenius
Clark	Jacobs	McEachern	Rest	Waltman
Cooper	Janezich	McGuire	Rice	Weaver
Dauner	Jaros	McPherson	Rodosovich	Wejcman
Davids	Jefferson	Milbert	Rukavina	Welker
Dawkins	Jennings	Munger	Runbeck	Welle
Dempsey	Johnson, A.	Murphy	Sarna	Wenzel
Dille	Johnson, R.	Nelson, K.	Schafer	Winter
Dorn	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Erhardt	Kahn	Newinski	Schreiber	

The bill was passed and its title agreed to.

H. F. No. 228, A bill for an act relating to natural resources;

establishing an educational program on best management practices; proposing coding for new law in Minnesota Statutes, chapter 103F.

The bill was read for 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:

Abrams	Farrell	Kalis	O'Connor	Seaberg
Anderson, I.	Frederick	Kelso	Ogren	Segal
Anderson, R.	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, R. H.	Garcia	Knickerbocker	Olson, K.	Skoglund
Battaglia	Girard	Koppendrayer	Omann	Smith
Bauerly	Goodno	Krinkie	Onnen	Solberg
Beard	Greenfield	Krueger	Orenstein	Sparby
Begich	Gruenes	Lasley	Orfield	Stanius
Bertram	Gutknecht	Leppik	Osthoff	Steensma
Bettermann	Hanson	Lieder	Ostrom	Sviggum
Bishop	Hartle	Limmer	Ozment	Swenson
Blatz	Hasskamp	Long	Pauly	Thompson
Bodahl	Hausman	Lourey	Pellow	Trimble
Boo	Heir	Lynch	Pelowski	Tunheim
Brown	Henry	Macklin	Peterson	Uphus
Carlson	Hufnagle	Mariani	Pugh	Valento
Carruthers	Hugoson	Marsh	Reding	Vellenga
Clark	Jacobs	McEachern	Rest	Wagenius
Cooper	Janezich	McGuire	Rice	Waltman
Dauner	Jaros	McPherson	Rodosovich	Weaver
Davids	Jefferson	Milbert	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1025 was reported to the House.

Johnson, R.; Reding; Knickerbocker; Jefferson and O'Connor moved to amend H. F. No. 1025, the first engrossment, as follows:

Page 1, after line 18, insert:

"Sec. 2. [TRANSFER.]

Notwithstanding Minnesota Statutes, section 354B.03, subdivision 3, or any other provision of law to the contrary, a person who is an employee of the state university board on the effective date of this section who was employed by the state university board before 1964, and who elected to transfer retirement coverage from the

teachers retirement association to the individual retirement account plan created in chapter 354B may revoke that transfer prospectively and have future service credited by the teachers retirement association. A revocation must be made in a manner prescribed by the executive director of the teachers retirement association and must be made within 60 days of the effective date of this section. The election is effective only for future service and does not permit transfer to the teachers retirement association of any contributions made to the individual retirement account plan."

Renumber subsequent section

Page 1, line 21, after the period, insert:

"Section 2 is effective the day following final enactment."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 1025, A bill for an act relating to retirement; eliminating the additional employer contribution to the teachers retirement association on behalf of employees participating in the individual retirement account plan; providing for prospective revocation of certain retirement plan transfers; amending Minnesota Statutes 1990, section 354B.04, 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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Hausman	Krinkie	Nelson, S.
Anderson, I.	Davids	Heir	Krueger	Newinski
Anderson, R.	Dawkins	Henry	Lasley	O'Connor
Anderson, R. H.	Dempsey	Hufnagle	Leppik	Ogren
Battaglia	Dille	Hugoson	Lieder	Olsen, S.
Bauerly	Dorn	Jacobs	Limmer	Olson, K.
Beard	Erhardt	Janezich	Long	Omann
Begich	Farrell	Jaros	Lourey	Onnen
Bertram	Frederick	Jefferson	Lynch	Orenstein
Bettermann	Frerichs	Jennings	Macklin	Orfield
Bishop	Garcia	Johnson, A.	Mariani	Osthoff
Blatz	Girard	Johnson, R.	Marsh	Ostrom
Bodahl	Goodno	Johnson, V.	McEachern	Ozment
Boo	Greenfield	Kahn	McGuire	Pauly
Brown	Gruenes	Kalis	McPherson	Pellow
Carlson	Gutknecht	Kelso	Milbert	Pelowski
Carruthers	Hanson	Kinkel	Munger	Peterson
Clark	Hartle	Knickerbocker	Murphy	Pugh
Cooper	Hasskamp	Koppendrayer	Nelson, K.	Reding

Rest	Scheid	Solberg	Trimble	Weaver
Rice	Schreiber	Sparby	Tunheim	Wejcman
Rodosovich	Seaberg	Stanius	Uphus	Welker
Rukavina	Segal	Steensma	Valento	Welle
Runbeck	Simoneau	Sviggum	Vellenga	Wenzel
Sarna	Skoglund	Swenson	Wagenius	Winter
Schafer	Smith	Thompson	Waltman	Spk. Vanasek

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

H. F. No. 478 was reported to the House.

Lasley moved that H. F. No. 478 be continued on Special Orders. The motion prevailed.

H. F. No. 1310 was reported to the House.

Welker, Abrams, Smith, Pugh and Jennings moved to amend H. F. No. 1310, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 609.2231, is amended by adding a subdivision to read:

Subd. 5. [DEMONSTRABLE BODILY HARM.] Except as provided in subdivision 1, whoever assaults another and inflicts demonstrable bodily harm is guilty of a gross misdemeanor.

Sec. 2. [REPEALER.]

Minnesota Statutes 1990, section 609.2231, subdivisions 2 and 3, are repealed."

Delete the title and insert:

"A bill for an act relating to crimes; making it a gross misdemeanor to assault another and inflict demonstrable bodily harm; amending Minnesota Statutes 1990, section 609.2231, by adding a subdivision; repealing Minnesota Statutes 1990, section 609.2231, subdivisions 2 and 3."

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

The question was taken on the Welker et al amendment and the roll was called. There were 62 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Kinkel	Onnen	Stanius
Anderson, R. H.	Goodno	Knickerbocker	Ozment	Sviggum
Bettermann	Gruenes	Koppendrayer	Pauly	Swenson
Blatz	Gutknecht	Krinkie	Pellow	Uphus
Boo	Hartle	Leppik	Pelowski	Valento
Cooper	Heir	Lynch	Peterson	Waltman
Davids	Henry	Macklin	Pugh	Weaver
Dempsey	Hufnagle	Marsh	Runbeck	Welker
Dorn	Hugoson	McPherson	Schafer	Wenzel
Erhardt	Jennings	Newinski	Schreiber	Winter
Farrell	Johnson, R.	Olsen, S.	Seaberg	
Frederick	Johnson, V.	Olson, K.	Smith	
Frerichs	Kalis	Omann	Sparby	

Those who voted in the negative were:

Anderson, I.	Dawkins	Krueger	O'Connor	Simoneau
Anderson, R.	Dille	Lasley	Ogren	Skoglund
Battaglia	Garcia	Lieder	Orenstein	Solberg
Bauerly	Greenfield	Limmer	Orfield	Steensma
Beard	Hanson	Long	Osthoff	Thompson
Begich	Hasskamp	Lourey	Ostrom	Trimble
Bertram	Hausman	Mariani	Reding	Tunheim
Bishop	Jacobs	McEachern	Rest	Vellenga
Bodahl	Janezich	McGuire	Rice	Wagenius
Brown	Jaros	Milbert	Rodosovich	Wejcman
Carlson	Jefferson	Munger	Rukavina	Welle
Carruthers	Johnson, A.	Murphy	Sarna	Spk. Vanasek
Clark	Kahn	Nelson, K.	Scheid	
Dauner	Kelso	Nelson, S.	Segal	

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

H. F. No. 1310, A bill for an act relating to crimes; creating the gross misdemeanor offense of assaulting a public employee who is engaged in mandated duties; amending Minnesota Statutes 1990, section 609.2231, 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 78 yeas and 51 nays as follows:

Those who voted in the affirmative were:

Abrams	Begich	Carruthers	Greenfield	Jacobs
Anderson, I.	Bertram	Clark	Gruenes	Jaros
Anderson, R.	Bodahl	Cooper	Hanson	Jefferson
Battaglia	Boo	Farrell	Hartle	Johnson, A.
Bauerly	Brown	Garcia	Hasskamp	Johnson, R.
Beard	Carlson	Goodno	Hausman	Kahn

Kelso	McGuire	Orfield	Scheid	Tunheim
Kinkel	McPherson	Osthoff	Segal	Uphus
Krueger	Milbert	Ozment	Simoneau	Vellenga
Leppik	Munger	Peterson	Skoglund	Wagenius
Lieder	Murphy	Pugh	Solberg	Wejcman
Limmer	Nelson, K.	Reding	Steensma	Welle
Long	O'Connor	Rest	Sviggum	Winter
Lourey	Ogren	Rodosovich	Swenson	Spk. Vanasek
Marsh	Olson, K.	Rukavina	Thompson	
McEachern	Orenstein	Sarna	Trimble	

Those who voted in the negative were:

Anderson, R. H.	Frederick	Knickerbocker	Onnen	Sparby
Bettermann	Frerichs	Koppendrayer	Ostrom	Stanius
Bishop	Girard	Krinkie	Pauly	Valento
Blatz	Gutknecht	Lasley	Pellow	Waltman
Dauner	Heir	Lynch	Pelowski	Weaver
Davids	Henry	Macklin	Rice	Welker
Dawkins	Hufnagle	Mariani	Runbeck	Wenzel
Dempsey	Hugoson	Nelson, S.	Schafer	
Dille	Jennings	Newinski	Schreiber	
Dorn	Johnson, V.	Olsen, S.	Seaberg	
Erhardt	Kalis	Omann	Smith	

The bill was passed and its title agreed to.

GENERAL ORDERS

Long moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Anderson, I., moved that his name be stricken as an author on H. F. No. 602. The motion prevailed.

Orenstein moved that his name be shown as second author and the name of Carlson be shown as chief author and that the name of Trimble be stricken and the name of Limmer be added as an author on H. F. No. 1221. The motion prevailed.

Simoneau moved that H. F. No. 587, now on Technical General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Rodosovich moved that H. F. No. 635, now on Technical General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Stanius moved that H. F. No. 590 be returned to its author. The motion prevailed.

Reding moved that H. F. No. 475 be returned to its author. The motion prevailed.

Sviggum moved that H. F. No. 138 be returned to its author. The motion prevailed.

Lourey moved that H. F. No. 1382 be returned to its author. The motion prevailed.

Marsh moved that the following statement be printed in the Permanent Journal of the House:

"It was my intention to vote in the affirmative on Monday, April 29, 1991, when the final vote was taken on S. F. No. 729, as amended." The motion prevailed.

Anderson, R., introduced:

House Resolution No. 5, A house resolution congratulating the City of Battle Lake, Minnesota, on its 100th birthday.

The resolution was referred to the Committee on Rules and Legislative Administration.

ADJOURNMENT

Long moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Tuesday, April 30, 1991.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1991

FORTY-THIRD DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 30, 1991

The House of Representatives convened at 2:30 p.m. and was called to order by Richard Krueger, Speaker pro tempore.

Prayer was offered by Pastor Philip Heide, Mount Calvary Lutheran Church, Eagan, Minnesota.

The roll was called and the following members were present:

Abrams	Frederick	Kelso	Ogren	Segal
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Skoglund
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Smith
Battaglia	Goodno	Krinkie	Omann	Solberg
Bauerly	Greenfield	Krueger	Onnen	Sparby
Beard	Gruenes	Lasley	Orenstein	Stanius
Begich	Gutknecht	Leppik	Orfield	Steensma
Bertram	Hanson	Lieder	Osthoff	Sviggum
Bettermann	Hartle	Limmer	Ostrom	Swenson
Bishop	Hasskamp	Long	Ozment	Thompson
Blatz	Haukoos	Lourey	Pauly	Tompkins
Bodahl	Hausman	Lynch	Pellow	Trimble
Boo	Heir	Macklin	Pelowski	Tunheim
Brown	Henry	Mariani	Peterson	Uphus
Carlson	Hufnagle	Marsh	Pugh	Valento
Carruthers	Hugoson	McEachern	Reding	Vellenga
Clark	Jacobs	McGuire	Rest	Wagenius
Cooper	Janezich	McPherson	Rice	Waltman
Dauner	Jaros	Milbert	Rodosovich	Weaver
Davids	Jefferson	Morrison	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek
Farrell	Kalis	O'Connor	Seaberg	

A quorum was present.

The Chief Clerk proceeded to read the Journal of the preceding day. Winter 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

S. F. No. 274 and H. F. No. 162, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Carlson moved that S. F. No. 274 be substituted for H. F. No. 162 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 302 and H. F. No. 340, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Janezich moved that the rules be so far suspended that S. F. No. 302 be substituted for H. F. No. 340 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 355 and H. F. No. 343, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Scheid moved that the rules be so far suspended that S. F. No. 355 be substituted for H. F. No. 343 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 505 and H. F. No. 530, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

McPherson moved that S. F. No. 505 be substituted for H. F. No. 530 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 515 and H. F. No. 528, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Johnson, R., moved that the rules be so far suspended that S. F. No. 515 be substituted for H. F. No. 528 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 635 and H. F. No. 821, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Lourey moved that the rules be so far suspended that S. F. No. 635 be substituted for H. F. No. 821 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 687 and H. F. No. 920, 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. 687 be substituted for H. F. No. 920 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 707 and H. F. No. 1222, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Farrell moved that S. F. No. 707 be substituted for H. F. No. 1222 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 785 and H. F. No. 1178, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Jacobs moved that S. F. No. 785 be substituted for H. F. No. 1178 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 793 and H. F. No. 927, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Wagenius moved that the rules be so far suspended that S. F. No. 793 be substituted for H. F. No. 927 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 804 and H. F. No. 688, 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. 804 be substituted for H. F. No. 688 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 885 and H. F. No. 527, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Welle moved that S. F. No. 885 be substituted for H. F. No. 527 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 910 and H. F. No. 1462, 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. 910 be substituted for H. F. No. 1462 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 918 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

Carruthers moved that the rules be so far suspended that S. F. No. 918 be substituted for H. F. No. 1467 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 962 and H. F. No. 817, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Begich moved that S. F. No. 962 be substituted for H. F. No. 817 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 971 and H. F. No. 929, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Brown moved that the rules be so far suspended that S. F. No. 971 be substituted for H. F. No. 929 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1074 and H. F. No. 1226, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Dorn moved that S. F. No. 1074 be substituted for H. F. No. 1226 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1216 and H. F. No. 1323, 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. 1216 be substituted for H. F. No. 1323 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 53, A bill for an act relating to public safety; repealing sunset provision relating to position of public fire safety educator; repealing Laws 1989, chapter 322, section 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [TRANSPORTATION AND OTHER AGENCIES; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1991," "1992," and "1993," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1991, June 30, 1992, or June 30, 1993, respectively.

SUMMARY BY FUND

	1992	1993	TOTAL
General	$132,859,000	$133,388,000	$266,247,000
Airports	16,054,000	15,803,000	31,857,000
C.S.A.H.	240,000,000	242,000,000	482,000,000
Environmental	461,000	465,000	926,000
Highway User	11,807,000	11,840,000	23,647,000
M.S.A.S.	66,000,000	67,000,000	133,000,000
Special Revenue	2,696,000	2,739,000	5,435,000
Transit Assistance	4,841,000	5,153,000	9,994,000
Trunk Highway	801,906,000	833,403,000	1,635,309,000
Workers' Compensation	10,839,000	11,229,000	22,068,000
Transfers to Other Direct	(2,769,000)	(2,789,000)	(5,558,000)
TOTAL	1,267,710,000	1,302,853,000	2,570,563,000

	APPROPRIATIONS Available for the Year Ending June 30 1992	1993
Sec. 2. TRANSPORTATION		
Subdivision 1. Total Appropriation	1,067,471,000	1,101,409,000

Approved Complement –	4,835
General –	14
State Airports –	43
Trunk Highway –	4,768
Federal –	10

The appropriations in this section are from the trunk highway fund, except when another fund is named.

Summary by Fund		
General	7,590,000	7,572,000
Airports	16,054,000	15,803,000
C.S.A.H.	240,000,000	242,000,000
Environmental	200,000	200,000
M.S.A.S.	66,000,000	67,000,000
Trunk Highway	736,659,000	767,803,000
Transit Assistance	968,000	1,031,000
Special Revenue	80,000	80,000

	1992	1993
	$	$
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.		
Subd. 2. Aeronautics	15,799,000	15,547,000

This appropriation is from the state airports fund.

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Airport Development and Assistance

1992	1993
11,892,000	11,645,000

$1,749,000 the first year and $1,752,000 the second year are for navigational aids.

$6,089,000 the first year and $6,089,000 the second year are for airport construction grants.

$1,773,000 the first year and $1,773,000 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

	1992	1993
	$	$
among the appropriations for airport development and assistance with the approval of the governor after consultation with the legislative advisory commission.		
$8,000 the first year and $8,000 the second year are for maintenance of the Pine Creek Airport.		
$500,000 the first year and $500,000 the second year are for air service grants.		
(b) Civil Air Patrol	65,000	65,000
(c) Aeronautics Administration	3,842,000	3,837,000
Subd. 3. Transit	8,467,000	8,528,000
Summary by Fund		
General	7,253,000	7,252,000
Trunk Highway	246,000	245,000
Transit Assistance	968,000	1,031,000
Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.		
The amounts that may be spent from this appropriation for each activity are as follows:		
(a) Greater Minnesota Transit Assistance		
Summary by Fund		
General	6,843,000	6,843,000
Transit Assistance	968,000	1,031,000

	1992	1993
	$	$
(b) Transit Administration		
	656,000	654,000
Summary by Fund		
General	410,000	409,000
Trunk Highway	246,000	245,000

Subd. 4. Railroads and Waterways

	1,189,000	1,186,000
Summary by Fund		
General	263,000	262,000
Trunk Highway	926,000	924,000

Subd. 5. Motor Carrier Regulation

	1,680,000	1,619,000

Subd. 6. Local Roads

	307,109,000	310,106,000
Summary by Fund		
C.S.A.H.	240,000,000	242,000,000
M.S.A.S.	66,000,000	67,000,000
Trunk Highway	1,109,000	1,106,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) County State Aids

	240,000,000	242,000,000

This appropriation is from the county state-aid highway fund and is available until spent.

(b) Municipal State Aids

	66,000,000	67,000,000

This appropriation is from the municipal state-aid street fund and is available until spent.

	1992	1993
	$	$

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.

(c) State Aid Technical Assistance

1,109,000 1,106,000

Subd. 7. State Road Construction 417,596,000 450,494,000

Summary by Fund

Special Revenue	80,000	80,000
Environmental	200,000	200,000
Trunk Highway	417,316,000	450,214,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) State Road Construction

397,357,000 429,043,000

Summary by Fund

Environmental	200,000	200,000
Trunk Highway	397,157,000	428,843,000

It is estimated that the appropriation from the trunk highway fund will be funded as follows:

Federal Highway Aid

200,000,000 231,000,000

Highway User Taxes

197,157,000 197,843,000

	1992	1993
	$	$

The commissioner of transportation shall notify the chair of the committee on finance of the senate and chair of the committee on appropriations of the house of representatives 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 landowners for lands acquired for highway right-of-way, payment to lessees, interest subsidies, and relocation expenses.

(b) Highway Debt Service

14,864,000 16,094,000

$9,274,000 the first year and $10,794,000 the second year are 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.

(c) Highway Program Administration

1,969,000 1,962,000

Summary by Fund

Special Revenue	80,000	80,000
Trunk Highway	1,889,000	1,882,000

$243,000 the first year and $243,000 the second year are available for grants

	1992	1993
	$	$
to regional development commissions outside the seven-county metropolitan area for transportation studies to identify critical concerns, problems, and issues.		
(d) Transportation Data Analysis	3,406,000	3,395,000
Subd. 8. Design Engineering	59,610,000	59,011,000
$75,000 the first year and $75,000 the second year are for a transportation research contingent account to finance research projects that are reimbursable from the federal government or from other sources. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.		
Subd. 9. Construction Engineering	67,232,000	67,006,000
Subd. 10. State Road Operations	145,031,000	144,678,000
Subd. 11. Equipment	16,966,000	17,429,000
Summary by Fund		
General	5,000	5,000
Airports	58,000	59,000
Trunk Highway	16,903,000	17,365,000
If the appropriation for either year is insufficient, the appropriation for the other year is available for it.		
Subd. 12. General Administration	26,872,000	25,885,000
Summary by Fund		
General	69,000	53,000
Airports	197,000	197,000
Trunk Highway	24,606,000	25,635,000
The amounts that may be spent from this appropriation for each activity are as follows:		
(a) General Management	14,350,000	14,330,000

	1992	1993
	$	$

(b) General Services

7,502,000 6,557,000

Summary by Fund

General	43,000	44,000
Airports	140,000	140,000
Trunk Highway	7,319,000	6,373,000

$1,118,000 the first year is for data processing development. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

The commissioner of transportation shall manage the department of transportation in such a manner as to provide seasonal employees of the department with the maximum feasible amount of employment security consistent with the efficient delivery of department programs.

(c) Legal Services

1,616,000 1,616,000

This appropriation is for the purchase of legal services from or through the attorney general.

(d) Electronic Communications

3,347,000 3,325,000

Summary by Fund

General	26,000	9,000
Trunk Highway	3,321,000	3,316,000

$26,000 the first year and $9,000 the second year are for equipment and operation of the Roosevelt signal tower for Lake of the Woods weather broadcasting.

(e) Air Transportation Services

57,000 57,000

	1992	1993
	$	$

This appropriation is from the state airports fund.

The commissioner may purchase replacement aircraft similar in type and size to existing passenger aircraft operated by the department with the concurrence of the governor and the legislative advisory committee. Aircraft shall be purchased from the unreserved fund balance of the state airports fund and listed as an asset to the fund.

Subd. 13. 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. 14. Contingent Appropriation

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 design, construction, or inspection in order to take advantage of an unanticipated receipt of income to the trunk highway fund, or to trunk highway maintenance in order to meet an emergency, or to pay tort or environmental claims. The amount transferred is appropriated for the pur-

	1992	1993
	$	$

pose of the account to which it is transferred.

Sec. 3. REGIONAL TRANSIT BOARD	26,649,000	26,898,000
Summary by Fund		
General	22,776,000	22,776,000
Transit Assistance	3,873,000	4,122,000

$12,543,000 the first year and $12,543,000 the second year are for Metro Mobility.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 4. TRANSPORTATION REGULATION BOARD	730,000	757,000
Approved Complement – 9.5		

This appropriation is from the trunk highway fund.

$40,000 is appropriated from the trunk highway fund for fiscal year 1991 for unanticipated expenditures for administrative hearings, legal costs, employee severance costs, and rent.

Sec. 5. PUBLIC SAFETY

Subdivision 1. Total Appropriation	106,520,000	106,843,000

	1992	1993
Approved Complement –	1,871.7	1,871.2
General –	449.2	449.2
Environmental –	1	1
Highway User –	173.6	173.6
Special Revenue –	32.5	32.5
Trunk Highway –	1,157.1	1,160.1
Federal –	58.3	54.8

	1992	1993
	$	$

The above approved complement includes 535 for state-funded, unclassified patrol officers and supervisors of the state patrol and eight for capitol security positions required for the Minnesota History Center. 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.

Summary by Fund		
General	31,377,000	31,331,000
Highway User	11,807,000	11,840,000
Special Revenue	2,380,000	2,410,000
Trunk Highway	63,684,000	64,010,000
Environmental	41,000	41,000
Transfers to Other		
Direct	(2,769,000)	(2,789,000)

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Administration and Related Services

4,830,000	4,932,000

Summary by Fund		
General	530,000	529,000
Highway User	19,000	19,000
Trunk Highway	4,281,000	4,384,000

$314,000 the first year and $429,000 the second year are for management information systems. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

	1992	1993
	$	$

$326,000 the first year and $326,000 the second year are for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 3. Emergency Management

1,478,000 1,458,000

Summary by Fund

General	778,000	758,000
Special Revenue	700,000	700,000

$700,000 the first year and $700,000 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.

$286,000 is appropriated from the general fund for fiscal year 1991 for the remaining state obligations to the federal emergency management assistance agency to match federal aid for flood emergencies of 1987 in the metropolitan area and 1989 in the Red River Valley.

Subd. 4. Criminal Apprehension

15,504,000 15,526,000

Summary by Fund

General	13,824,000	13,848,000
Special Revenue	627,000	627,000
Trunk Highway	1,053,000	1,051,000

$223,000 the first year and $223,000 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

	1992	1993
	$	$

first year does not cancel but is available for the second year of the biennium.

$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.

$523,000 the first year and $523,000 the second year from the bureau of criminal apprehension account in the special revenue fund are for laboratory activities.

$104,000 the first year and $104,000 the second year from the bureau of criminal apprehension account in the special revenue fund 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.

Subd. 5. Fire Marshal

2,277,000	2,269,00

Subd. 6. State Patrol

41,720,000	42,517,000

Summary by Fund

General	442,000	441,000
Highway User	90,000	90,000
Trunk Highway	41,188,000	41,986,000

During the biennium ending June 30, 1993, no more than five positions, excluding the chief patrol officer, in the state patrol support activity may be filled by state troopers.

	1992	1993
	$	$

During the biennium ending June 30, 1993, the commissioner may purchase other motor fuel when gasohol is not available for the operation of state patrol vehicles.

Subd. 7. Capitol Security

1,304,000 1,298,000

Subd. 8. Driver and Vehicle Licensing

32,955,000 32,398,000

Summary by Fund

General	5,654,000	5,643,000
Highway User	10,235,000	10,262,000
Trunk Highway	16,986,000	16,413,000
Special Revenue	80,000	80,000

This appropriation is from the transportation account in the special revenue fund.

$431,000 the first year and $431,000 the second year are for chemical use assessment reimbursements to counties.

The commissioner of public safety may ask the commissioner of finance to lend general fund money to the commissioner of public safety to pay initial costs of manufacturing collegiate plates for the academic excellence scholarship program. The commissioner of public safety must first certify to the commissioner of finance that there will be adequate revenue from fees collected through the sale of collegiate plates to repay the loan. The commissioner shall use the revenue to make repayment to the general fund of the full amount loaned. Money necessary to meet cash flow difficulties in the manufacture of collegiate plates for the academic excellence scholarship program is appropriated to the commis-

	1992	1993
	$	$

sioner of finance from the general fund for loans to the commissioner of public safety.

The commissioner of public safety shall conduct a study of worthless checks being used in payment of motor vehicle license taxes. The commissioner shall study the extent of the problem and present methods being used to deal with it, alternatives for reimbursing deputy registrars for worthless checks accepted, and improvements in methods of preventing or deterring such payments in the future. The commissioner shall report on the results of the study to the chairs of the house committee on appropriations and the senate committee on finance not later than February 15, 1992.

Subd. 9. Liquor Control

724,000 721,000

Subd. 10. Gambling Enforcement

1,222,000 1,218,000

Subd. 11. Traffic Safety

240,000 240,000

Summary by Fund

General	64,000	64,000
Trunk Highway	176,000	176,000

Subd. 12. Drug Policy

587,000 587,000

Subd. 13. Pipeline Safety

873,000 903,000

This appropriation is from the pipeline safety account in the special revenue fund.

	1992	1993
	$	$

Subd. 14. Crime Victims Services

1,620,000 1,587,000

Notwithstanding any other law to the contrary, the crime victims reparations board shall, to the extent possible, distribute the appropriation in equal monthly increments. In no case shall the total awards exceed the appropriation made in this subdivision.

Subd. 15. Children's Trust Fund

645,000 645,000

Summary by Fund

General	545,000	545,000
Special Revenue	100,000	100,000

This appropriation is from the children's trust fund account in the special revenue fund.

Subd. 16. Emergency Response Commission

403,000 404,000

Summary by Fund

General	362,000	363,000
Environmental	41,000	41,000

Subd. 17. Private Detective and Security Licensing

68,000 67,000

Subd. 18. Crime Victims Ombudsman

70,000 73,000

Subd. 19. Transfers

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 programs within a

	1992	1993
	$	$

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. 20. Reimbursements

(a) $1,306,000 the first year and $1,320,000 the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1992, and January 1, 1993, 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) $437,000 the first year and $443,000 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, 1992, and January 1, 1993, 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.

(c) $1,026,000 the first year and $1,026,000 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, 1992, and January 1, 1993, 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.

	1992	1993
	$	$
Sec. 6. BOARD OF PEACE OFFICER STANDARDS AND TRAINING	3,983,000	3,982,000

Approved Complement – 11

$500,000 the first year and $500,000 the second year are for the creation and operation of a school of law enforcement.

Sec. 7. MINNESOTA SAFETY COUNCIL	71,000	71,000

This appropriation is from the trunk highway fund.

Sec. 8. COMMERCE

Subdivision 1. Total Appropriation	12,386,000	12,760,000

	1992	1993
Approved Complement –	237	235
General –	229	227
Environmental –	5	5
Special Revenue –	3	3

Summary by Fund

General	11,850,000	12,207,000
Environmental	220,000	224,000
Special Revenue	316,000	329,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Financial Examinations

5,157,000	5,345,000

Subd. 3. Registration and Analysis

1,992,000	2,015,000

Subd. 4. Petroleum Tank Release Cleanup Board

220,000	224,000

	1992	1993
	$	$

This appropriation is from the petroleum tank release cleanup account in the environmental fund for administration.

The commissioners of the department of commerce and the Minnesota pollution control agency, in cooperation with the petroleum tank release cleanup board, shall study and report to the governor and the legislature by January 1, 1992, on the petroleum tank release cleanup program. The study must include, but not be limited to, recommendations on program administration, program financing mechanisms, criteria for reimbursements, and program cost controls.

Subd. 5. Administrative Services

1,774,000	1,812,000

Subd. 6. Enforcement and Licensing

3,243,000	3,364,000

Summary by Fund

General	2,927,000	3,035,000
Special Revenue	316,000	329,000

$316,000 the first year and $329,000 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.

Subd. 7. 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 re-

	1992	1993
	$	$
ported 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	1,089,000	1,121,000
Subd. 2. Board of Abstractors	8,000	8,000
Subd. 3. Board of Accountancy	441,000	445,000
Approved Complement – 5		
Subd. 4. Board of Architecture, Engineering, Land Surveying, and Landscape Architecture	442,000	470,000
Approved Complement – 8		
Subd. 5. Board of Barber Examiners	135,000	135,000
Approved Complement – 2.5		
Subd. 6. Board of Boxing	63,000	63,000
Approved Complement – 1.5		
Sec. 10. PUBLIC UTILITIES COMMISSION	2,415,000	2,471,000
Approved Complement – 40		
Notwithstanding Minnesota Statutes, section 216B.243, subdivision 6, for any certificate of need application for expansion of the storage capacity for spent nuclear fuel rods, the commission and department shall assess actual amounts billed by the office of administrative hearings and up to $300,000 of reasonable costs of the commission and department pursuant to Minnesota Statutes, section 216B.62, subdivision 6, during the biennium, subject to the limitations of Minnesota Statutes, section 216B.62, subdivision 2.		

	1992	1993
	$	$
Sec. 11. PUBLIC SERVICE		
Subdivision 1. Total Appropriation	7,427,000	7,687,000

Approved Complement –	140.8
General –	126.8
Special Revenue –	6
Federal –	8

The commissioner shall transfer, from among positions that were transferred to the department from the state energy agency, two positions to areas in which the cost of the positions are recovered from fees on regulated utilities.

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The legislature intends that of the reduction in anticipated department expenditures as a result of the difference between this appropriation and the department's budget request, $100,000 be achieved through a reduction in activities not funded by fees.

Subd. 2. Telecommunications

626,000	653,000

Subd. 3. Weights and Measures

2,157,000	2,236,000

Subd. 4. Information and Operations Management

1,439,000	1,491,000

Subd. 5. Energy

3,205,000	3,307,000

Subd. 6. Transfers

The department of public service, with the approval of the commissioner of finance, may transfer unencumbered

	1992	1993
	$	$
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. 12. GAMING	10,000	-0-
Approved Complement – -0- -0-		
Sec. 13. LAWFUL GAMBLING CONTROL	1,930,000	1,928,000
Approved Complement – 37 37		
Sec. 14. RACING COMMISSION	1,006,000	1,018,000
Approved Complement – 9		
General – 8		
Special Revenue – 1		
Sec. 15. STATE LOTTERY BOARD		
The director of the state lottery shall reimburse the general fund $250,000 the first year and $250,000 the second year for lottery-related costs incurred by the departments of public safety and human services.		
Sec. 16. ETHICAL PRACTICES BOARD	340,000	351,000
Approved Complement – 6		
Sec. 17. MINNESOTA MUNICIPAL BOARD	281,000	293,000
Approved Complement – 4		
Any unencumbered balance remaining in the first year does not cancel but is available for the second year.		
Sec. 18. MINNESOTA HISTORICAL SOCIETY		

	1992	1993
	$	$
Subdivision 1. Total Appropriation	12,953,000	13,213,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

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 appropriations. Employees of the Minnesota historical society will be paid in accordance with the appropriate pay plan.

Subd. 2. Public Programs and Operations	11,438,000	11,874,000

$30,000 the first year and $70,000 the second year is additional funds for the re-opening of the Meighan Store in calendar year 1992, and is in addition to any other funds expended for this purpose.

Any unencumbered balance remaining at the end of the first year must be returned to the state treasury and credited to the general fund.

Subd. 3. Statewide Outreach	665,000	665,000

$273,000 the first year and $273,000 the second year are for historic site grants to encourage local historic preservation projects. 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. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

$27,000 the first year and $27,000 the second year are for the state archaeology function.

	1992	1993
	$	$
Subd. 4. Repair and Replacement	462,000	462,000
If the appropriation for either year is insufficient, the appropriation for the other year is available for it.		
Subd. 5. Fiscal Agent	388,000	212,000
(a) Sibley House Association		
	93,000	93,000
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 International Center		
	51,000	50,000
(c) Minnesota Military Museum		
	30,000	
(d) Minnesota Air National Guard Museum		
	20,000	20,000
(e) Government Learning Center		
	69,000	69,000
This appropriation is for Project 120.		
(f) Greater Cloquet-Moose Lake forest fire museum		
	25,000	
The society shall spend this amount as a grant to the Carlton county historical society to be spent as a grant to the		

	1992	1993
	$	$

Greater Cloquet-Moose Lake forest fire museum planning committee for the development of the museum. The legislature intends that no further direct appropriation will be made for this purpose.

(g) Museum of the National Guard

25,000

This amount is for a contribution from the state of Minnesota to the museum of the National Guard in Washington, D.C.

(h) Prairieland Expo Center

25,000

The society shall expend this amount as a grant to the southwest regional development commission for assistance for this project.

(i) Battle Point Cultural Center

50,000

This amount is for the Leech Lake Reservation to complete final planning for the Battle Point Cultural Center.

(j) 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.

Sec. 19. MINNESOTA HUMANITIES COMMISSION	247,000	247,000
Sec. 20. BOARD OF THE ARTS	4,245,000	4,219,000

	1992	1993
Approved Complement –	16	16
General –	13	13
Federal –	3	3

	1992	1993
	$	$
$1,341,000 the first year and $1,341,000 the second year are for the support of regional arts councils throughout the state.		
Any unencumbered balance remaining in this section the first year does not cancel but is available for the second year of the biennium.		
The board shall spend $25,000 of the first year appropriation as a grant for the restoration of the Kee theatre in Kiester. It is the intent of the legislature that no further direct appropriation will be made for this purpose. The board may not use any part of this sum for administrative expenses.		
Sec. 21. GREATER MINNESOTA CORPORATION	12,700,000	12,600,000
The amounts appropriated from the general fund to the Greater Minnesota Corporation are for transfer to the corporation's special revenue account.		
This appropriation is for transfer to the Greater Minnesota Corporation account in the special revenue fund.		
$4,000,000 the first year and $4,000,000 the second year are for a grant to the Agricultural Utilization Research Institute. If the Greater Minnesota Corporation has not paid $3,500,000 to the Agricultural Utilization Research Institute by July 1, 1991, the amount not paid must be reduced from the first year appropriation to the corporation.		
Oil overcharge money appropriated to the commissioner of administration for the Agricultural Utilization Research Institute for energy-related grants and all administration of that money must be transferred from the Greater Minnesota Corporation to the institute.		

	1992	1993
	$	$
The Greater Minnesota Corporation must provide at least the following amounts to the following organizations:		
$700,000 the first year and $600,000 the second year to the world trade center corporation to advance economic development through technology, agricultural utilization research, and the promotion of international trade.		
$1,000,000 the second year to Minnesota Project Outreach Corporation.		

Sec. 22. LABOR AND INDUSTRY

Subdivision 1. Total Appropriation	16,275,000	16,743,000

	1992	1993
Approved Complement –	348.5	345.5
General –	98.9	96.4
Workers' Compensation –	206.5	206.5
Federal –	38.1	37.6
Special Revenue –	5	5

Summary by Fund

General	5,436,000	5,514,000
Workers' Compensation	10,839,000	11,229,000

The legislature intends that the reduction in anticipated department expenditures as a result of the difference between this appropriation and the department's budget request not result in any reduction of activities in areas funded by fees.

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Workers' Compensation Regulation and Enforcement		
	7,457,000	7,756,000

	1992	1993
	$	$

This appropriation is from the special compensation fund.

Fee receipts collected as a result of providing direct computer access to public workers' compensation data on file with the commissioner must be deposited in the general fund.

Subd. 3. Workplace Regulation and Enforcement

4,106,000 4,172,000

Subd. 4. General Support

4,712,000 4,815,000

Summary by Fund

General	1,330,000	1,342,000
Workers' Compensation	3,382,000	3,473,000

$215,000 the first year and $215,000 the second year are for labor education and advancement program grants.

Sec. 23. SECRETARY OF STATE

Subdivision 1. Total Appropriation 5,129,000 4,783,000

Approved Complement –	69.5
General –	63.5
Special Revenue –	6

The amounts that may be spent from this appropriation for each activity are specified in the following subdivisions.

Subd. 2. Elections and Publications

1,016,000 567,000

$635,000 the first year is for the presidential primary election.

Subd. 3. Uniform Commercial Code

220,000 221,000

	1992	1993
	$	$
Subd. 4. Business Services	724,000	722,000
Subd. 5. Administration	481,000	485,000
Subd. 6. Fiscal Operations	186,000	186,000
Subd. 7. Data Services	227,000	229,000
Subd. 8. Network Operations Voter Registration	727,000	817,000
Subd. 9. Network Operations Uniform Commercial Code	1,041,000	1,078,000
Subd. 10. Reports Renewals Registration	507,000	478,000
Sec. 24. VETERANS OF FOREIGN WARS	31,000	31,000
For carrying out the provisions of Laws 1945, chapter 455.		
Sec. 25. MILITARY ORDER OF THE PURPLE HEART	10,000	10,000
Sec. 26. DISABLED AMERICAN VETERANS	13,000	12,000
For carrying out the provisions of Laws 1941, chapter 425.		
Sec. 27. UNIFORM LAWS COMMISSION	21,000	22,000
Sec. 28. TRANSPORTATION STUDY BOARD	125,000	125,000

	1992	1993
	$	$
This appropriation is from the highway user tax distribution fund.		
Sec. 29. GENERAL CONTINGENT ACCOUNTS	325,000	325,000
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	200,000	200,000
Highway User Tax Distribution Fund	125,000	125,000
Sec. 30. 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. 31. [INFRASTRUCTURE DEVELOPMENT BOND DEBT SERVICE.]

In order to enable debt service on infrastructure development bonds to be paid from the general fund rather than from the infrastructure development fund, the commissioner of finance shall transfer accounts in the infrastructure development fund that contain proceeds from the state lottery from the infrastructure development fund to the general fund.

Sec. 32. [TEMPORARY AUTHORITY; CHARTER CARRIERS OF PASSENGERS.]

(a) The transportation regulation board may issue a temporary permit to a motor carrier to operate as a charter carrier of passengers within the seven-county metropolitan area if the board finds that:

(1) the service to be provided under the temporary permit will be provided during the month of January 1992, in connection with or related to the 1992 National Football League championship game;

(2) the petitioner for the temporary permit is fit and able to conduct the proposed operations; and

(3) the petitioner's vehicles meet the applicable safety standards of the commissioner of transportation.

(b) Notwithstanding Minnesota Statutes, section 221.121, subdivision 2, a holder of a temporary permit under this section is not required to seek a permanent permit from the board. The board may charge a registration fee of not more than $10 for each vehicle that will be operated under authority of the permit. All permits issued by the board under this section expire on a date specified in the permit, but not later than January 31, 1992.

(c) All provisions of Minnesota Statutes, chapter 221, not inconsistent with this section, apply to permits issued under this section.

(d) In granting temporary permits under this section, the board shall to the maximum feasible extent give priority to Minnesota-based carriers.

Sec. 33. [EXTENSION OF INSURANCE AGENT LICENSES; EFFECT.]

The commissioner of commerce shall prorate the license fee under Minnesota Statutes, section 60A.17, to reflect the extension of the license term under section 72B.04.

Nothing in section 72B.04 affects continuing education or other requirements imposed by Minnesota Statutes, chapter 60A.

Sec. 34. [ETHANOL PRODUCER PAYMENTS.]

Notwithstanding Minnesota Statutes, section 41A.09, subdivision 3, if the commissioner of revenue distributes less money as payments under that subdivision in the fiscal year ending June 30, 1992, than is authorized for that fiscal year by that subdivision, the amount not distributed is added to the amount that may be distributed in the next fiscal year.

Sec. 35. Laws 1989, chapter 269, section 11, subdivision 7, is amended to read:

Subd. 7. [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.

Up to $50,000 may be used to study the cost effectiveness of care provided by members of the healing arts, as defined in Minnesota Statutes, chapter 146. ~~The commissioner shall report the findings to the legislature by January 1, 1990.~~ The commissioner shall retain the results of the study for future research and reference.

Sec. 36. Laws 1989, chapter 269, section 31, is amended to read:

Sec. 31. [SPECIAL GREAT RIVER ROAD ACCOUNT.]

Subdivision 1. [ACCOUNT CREATED.] There is created in the state treasury a special Great River Road account, consisting of money credited ~~under subdivision 2~~ by law.

Subd. 2. [ACCOUNT FUNDED.] Notwithstanding Minnesota Statutes, section 297B.09 or other law, in the fiscal year ending June 30, ~~1990~~ 1992, the first ~~$750,000~~ $250,000 that would otherwise be credited to the ~~highway user tax distribution~~ trunk highway fund under Minnesota Statutes, section 297B.09, must be set aside and credited to the special Great River Road account created in subdivision 1.

Subd. 3. [DISTRIBUTION OF ACCOUNT.] The commissioner of transportation shall distribute money in the special Great River Road account and provide for distribution of money in the fund for the development of the Great River Road established under Minnesota Statutes, section 161.142. In providing assistance to any political subdivision, the commissioner shall follow the general policy of the Mississippi River parkway commission and shall give principal consideration ~~on~~ to how the project would promote public safety, recreation, travel, trade, and the general welfare of the state.

Priority should be given to new construction or reconstruction of the Great River Road system, to projects that provide local or federal matching assistance, and to projects for which highway user tax distribution funds are not available.

Subd. 4. [TERMINATION OF ACCOUNT.] The account created in subdivision 1; expires June 30, ~~1991~~ 1993. The state treasurer shall credit all undistributed money in the account on that date to the ~~highway user tax distribution~~ trunk highway fund.

Subd. 5. [REPEALER.] This section is repealed effective July 1, ~~1991~~ 1993.

Sec. 37. [3.862] [TRANSPORTATION STUDY BOARD.]

Subdivision 1. [BOARD EXTENDED; MEMBERSHIP.] A transportation study board is created. The board shall consist of the following members:

(1) seven members of the senate, with not more than five of the same political party, appointed by the senate committee on committees; and

(2) seven members of the house of representatives, with not more than five of the same political party, appointed by the speaker of the house. Appointments are for two-year terms beginning July 1 of each odd-numbered year. Vacancies must be filled in the same manner as the original appointments.

Subd. 2. [OFFICERS.] The board shall elect a chair and vice-chair from among its members. The chair must alternate biennially between a member of the house and a member of the senate. The vice-chair must be a house member when the chair is a senate member, and a senate member when the chair is a house member.

Subd. 3. [STAFF.] The board may employ professional, technical, consulting, and clerical services. The board may use legislative staff to provide legal counsel, research, secretarial, and clerical assistance.

Subd. 4. [EXPENSES AND REIMBURSEMENT.] The members of the board may receive per diem when attending meetings and other commission business. Members, employees, and legislative staff must be reimbursed for expenses actually and necessarily incurred in the performance of their duties under the rules governing legislators and legislative employees.

Sec. 38. Minnesota Statutes 1990, section 10A.02, is amended by adding a subdivision to read:

Subd. 14. Notwithstanding the provisions of section 8.15, the board shall not be assessed the cost of legal services rendered to it by the attorney general's office.

Sec. 39. Minnesota Statutes 1990, 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~~ quarterly assessments 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 ~~$177,500 per plant~~ up to one quarter of the projected annual cost shall be paid to the commissioner of public safety on July 1 of each year. An assessment shall be billed by the commissioner based on actual costs for each quarter of the fiscal year starting with the first quarter ending September 30. The July 1 assessment shall be deducted from the final quarterly billing for the fiscal year. The assessment collected shall be credited to the nuclear safety preparedness account in the special revenue fund.

Sec. 40. Minnesota Statutes 1990, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. [SALARY RANGES.] 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, 1987

$57,500-$78,500

Commissioner of finance;

Commissioner of education;

Commissioner of transportation;

Commissioner of human services;

Commissioner of revenue;

Commissioner of public safety;

Executive director, state board of investment;

~~Commissioner of gaming;~~

Director of the state lottery;

$50,000-$67,500

Commissioner of administration;

Commissioner of agriculture;

Commissioner of commerce;

Commissioner of corrections;

Commissioner of jobs and training;

Commissioner of employee relations;

Commissioner of health;

Commissioner of labor and industry;

Commissioner of natural resources;

Commissioner of trade and economic development;

Chief administrative law judge; office of administrative hearings;

Commissioner, pollution control agency;

Commissioner, state planning agency;

Director, office of waste management;

Commissioner, 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;

$42,500-$60,000

Commissioner of human rights;

Commissioner, department of public service;

Commissioner of veterans' affairs;

Commissioner, bureau of mediation services;

Commissioner, public utilities commission;

Member, transportation regulation board;

Ombudsman for corrections;

Ombudsman for mental health and retardation.

Sec. 41. Minnesota Statutes 1990, section 16A.662, subdivision 2, is amended to read:

Subd. 2. [BONDS AUTHORIZED.] When authorized by law enacted in accordance with the constitution, article XI, sections 5 and 7, the commissioner may by order sell and issue ~~infrastructure development~~ bonds of the state evidencing public debt incurred for any purpose stated in the law. The bonds are general obligations of the state, and the full faith and credit of the state are pledged for their payment.

Sec. 42. Minnesota Statutes 1990, section 16A.662, subdivision 4, is amended to read:

Subd. 4. [ESTABLISHMENT OF DEBT SERVICE ACCOUNT; APPROPRIATION OF DEBT SERVICE ACCOUNT MONEY.] There is established within the state bond fund a separate and special account designated as the infrastructure development bond debt service account. ~~There must be transferred to this debt service account in each fiscal year from money in the infrastructure development fund, other than bond proceeds and interest earned on bond proceeds, an amount sufficient to increase the balance on hand in the debt service account on each December 1 to an amount equal to the full amount of principal and interest to come due on all outstanding infrastructure development bonds to and including the second following July 1. The amount necessary to make the transfer is appropriated from the infrastructure development fund.~~ The money on hand in the debt service account must be used solely for the payment of the principal of, and interest on, ~~the~~ bonds issued under Laws 1990, chapter 610, article 1, section 30, subdivision 2, and is appropriated for this purpose. This appropriation does not cancel as long as any of the bonds remain outstanding.

Sec. 43. Minnesota Statutes 1990, section 16A.662, subdivision 5, is amended to read:

Subd. 5. [ASSESSMENT TO HIGHER EDUCATION SYSTEMS.] (a) In order to reduce the amount otherwise required to be transferred ~~under subdivision~~ 4 to the state bond fund with respect to bonds heretofore or hereafter issued under Laws 1990, chapter 610, article 1, section 30, subdivision 2, the commissioner of finance shall assess each higher education system for one-third the amount that would otherwise need to be transferred with respect to ~~infrastructure development~~ those bonds sold to finance capital improvement projects at institutions under the control of the system; provided that, to the extent that the amount to be transferred is for payment of principal and interest on bonds sold to finance life safety improvements, the commissioner must not assess the higher education systems for the transfer.

(b) After each sale of ~~infrastructure development~~ the bonds, the commissioner of finance shall notify the state board for vocational technical education, the state board for community colleges, the state university board, and the regents of the University of Minnesota of the amounts for which each system is responsible for each year for the life of the bonds. The amounts payable each year are reduced by one-third of the net income from investment of ~~infrastructure development~~ those bond proceeds that must be allocated among the systems in proportion to the amount of principal and interest otherwise required to be paid by each. Each higher education system shall pay its annual share of debt service payments to the commissioner of finance by December 1 each year. If a higher education system fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise payable to the system to cover the amount of

the missed debt service payment. The commissioner of finance shall credit the payments received from the higher education systems to the infrastructure development bond debt service account in the state bond fund each December 1 before the transfer is made under subdivision 4.

Sec. 44. Minnesota Statutes 1990, section 41A.09, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS FROM ACCOUNT.] The commissioner of revenue shall make cash payments to producers of ethanol or wet alcohol located in the state. These payments shall apply only to ethanol or wet alcohol fermented 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, 2000, 20 cents per gallon.

(b) For each gallon produced of wet alcohol during the period beginning July 1, 1989, and ending June 30, 2000, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon. The producer payment for wet alcohol under this section may be paid to either the original producer of wet alcohol or the secondary processor, at the option of the original producer, but not to both.

(c) 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, 1991; and $4,500,000 in any fiscal year during the period beginning July 1, 1991, and ending June 30, 2000. Total payments to any producer from the account 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. 45. Minnesota Statutes 1990, 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 fraternals and reciprocal exchanges:

(1) for filing certified copy of certificate of articles of incorporation, $100;

(2) for filing annual statement, $225;

(3) for filing certified copy of amendment to certificate or articles of incorporation, $100;

(4) for filing bylaws, $75 or amendments thereto, $75;

(5) for each company's certificate of authority, $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, $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, $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, provided that the fee shall not exceed ~~$1,000~~ $10,000 per year for any company. 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~~ $1,000;

(7) for issuing an initial license to an individual agent, ~~$20~~ $25 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~~ $25, and for renewal of amendment, ~~$20~~ $25;

(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~~ $25 per year per license, and for renewing a license issued to a corporation or partnership, $50 per year;

Sec. 46. Minnesota Statutes 1990, section 60A.17, subdivision 1d, is amended to read:

Subd. 1d. [RENEWAL FEE.] (a) Each agent licensed pursuant to this section shall annually pay in accordance with the procedure adopted by the commissioner a renewal fee as prescribed by section 60A.14, subdivision 1, paragraph (c), clause (10).

(b) Every agent, corporation, and partnership license expires on ~~May~~ October 31 of the year for which period a license is issued.

(c) Persons whose applications have been properly and timely filed who have not received notice of denial of renewal are approved for renewal and may continue to transact business whether or not the renewed license has been received on or before ~~June~~ November 1. Applications for renewal of a license are timely filed if received by the commissioner on or before ~~May~~ October 15 of the year due, on forms duly executed and accompanied by appropriate fees. An application mailed is considered timely filed if addressed to the

commissioner, with proper postage, and postmarked by ~~May~~ October 15.

(d) The commissioner may issue licenses for agents, corporations, or partnerships for a three-year period. If three-year licenses are issued, the fee is three times the annual license fee.

Sec. 47. Minnesota Statutes 1990, section 72B.04, subdivision 7, is amended to read:

Subd. 7. [LICENSE TERM.] Every adjuster's and public adjuster solicitor's license shall be for a term expiring on ~~May~~ October 31 next following the date of its issuance, and may be renewed for the ensuing calendar year upon the timely filing of an application for renewal.

Sec. 48. Minnesota Statutes 1990, section 80C.04, subdivision 1, is amended to read:

Subdivision 1. An application for registration of a franchise shall be made by filing with the commissioner a proposed public offering statement accompanied by a fee of ~~$250~~ $400. The public offering statement shall contain the following:

(a) The name of the franchisor, the name under which the franchisor is doing or intends to do business, and the name of any parent or affiliated person that will engage in business transactions with franchisees;

(b) The franchisor's principal business address, the address of its agent in this state authorized to receive service of process, and a consent to service of process as required by section 80C.20, if applicable;

(c) The business form of the franchisor, whether corporate, partnership or otherwise, and the state or other sovereign power under which the franchisor is organized;

(d) Such information concerning the identity and business experiences of persons affiliated with the franchisor as the commissioner may by rule prescribe;

(e) A statement whether the franchisor or any person identified in the public offering statement:

(1) Has during the ten year period immediately preceding the date of the public offering statement been convicted of a felony, pleaded nolo contendere to a felony charge, or been held liable in a civil action by final judgment if such felony or civil action involved fraud,

embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices or misappropriation of property;

(2) Is subject to any currently effective order of the United States Securities and Exchange Commission or the securities administrator of any state denying registration to or revoking or suspending the license or registration of such person as a securities broker, dealer, agent, or investment adviser, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange;

(3) Is subject to any currently effective order or ruling of the Federal Trade Commission;

(4) Is subject to any currently effective injunctive or restrictive order relating to the business which is the subject of the franchise offered or any other business activity as a result of an action brought by any public agency or department; or

(5) Has any civil or criminal actions pending against that franchisor or person involving fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices or misappropriation of property.

Such statement shall set forth the court and date of conviction or judgment, any penalty imposed or damages assessed, the date, nature and issuer of any orders, and the court, nature, and current status of any pending action.

(f) The business experience of the franchisor, including the length of time the franchisor has conducted a business of the type to be operated by the franchisees, has granted franchises for such businesses, and has granted franchises in other lines of business.

(g) A balance sheet of the franchisor as of the end of the franchisor's most recent fiscal year and an income statement for the period ending on the date of such balance sheet, both audited by an independent certified public accountant; and, if the fiscal year-end of the franchisor is in excess of 90 days prior to the date of filing the application, a balance sheet and income statement, which may be unaudited, as of a date within 90 days of the date of the application. The commissioner may by rule or order prescribe the form and content of financial statements required under this clause and the circumstances under which consolidated financial statements may or shall be filed, and may waive the requirement of audited financial statements;

(h) A copy of the entire franchise contract or agreement proposed for use, including all amendments thereto;

(i) A statement of the franchise fee charged, the proposed use of the proceeds of such fee by the franchisor, and the method or formula by which the amount of the fee is determined if the fee is not the same in all cases;

(j) A statement describing any payments or fees other than franchise fees that the franchisee or subfranchisor is required to pay to the franchisor, including royalties and payments or fees which the franchisor collects in whole or in part on behalf of a third party;

(k) A statement of the conditions under which the franchise agreement may be terminated or renewal refused or repurchased at the option of the franchisor, any limitations on the right of the franchisee to sell, transfer, assign, move, renew or terminate the franchise, and a description of the provisions regarding franchisee equity upon sale, termination, refusal to renew, or repurchase;

(l) A statement whether, by the terms of the franchise agreement or by other device or practice, the franchisee or subfranchisor is required to purchase from the franchisor or person designated by the franchisor, services, supplies, products, fixtures or other goods relating to the establishment or operation of the franchise business, together with a description thereof;

(m) A statement of any restriction or condition imposed by the franchisor whether by the terms of the franchise agreement or by other device or practice of the franchisor whereby the franchisee is limited in the goods or services offered by the franchisee to the franchisee's customers;

(n) A statement of the terms and conditions of any financing arrangements when offered directly or indirectly by the franchisor or an agent or affiliate;

(o) A statement of any past or present practice or of any intent of the franchisor to sell, assign or discount to a third party any note, contract or other obligation of the franchisee or subfranchisor in whole or in part;

(p) A copy of any statement of estimated or projected franchisee earnings prepared for presentation to prospective franchisees or subfranchisors, or other persons, together with a statement setting forth the data upon which such estimation or projection is based;

(q) A statement describing the training program, supervision and assistance the franchisor has provided and will provide the franchisee;

(r) A statement of any compensation or other benefit given or promised to a public figure arising, in whole or in part, from the use of the public figure in the name or symbol of the franchise or the endorsement or recommendation of the franchise by the public figure in advertisements, and the extent to which such public figure is involved in the actual management of the franchisor;

(s) A statement of the number of franchises presently operating and proposed to be sold;

(t) A statement whether franchisee or subfranchisors receive an exclusive area and territory, and if so, a map thereof; and

(u) Such other information as the commissioner may require;

(v) When the franchises to be registered are proposed to be offered and sold by a subfranchisor or the subfranchisor's agents, the application shall also include the same information concerning the subfranchisor as is required concerning the franchisor pursuant to this section.

Sec. 49. Minnesota Statutes 1990, section 80C.07, is amended to read:

80C.07 [AMENDMENT OF REGISTRATION.]

A person with a registration in effect shall, within 30 days after the occurrence of any material change in the information on file with the commissioner, notify the commissioner in writing of the change by an application to amend the registration accompanied by a fee of ~~$50~~ $100. The commissioner may by rule define what shall be considered a material change for such purposes, and may determine the circumstances under which a revised public offering statement must accompany the application. If the amendment is approved by the commissioner, it shall become effective upon the issuance by the commissioner of an order amending the registration.

Sec. 50. Minnesota Statutes 1990, section 80C.08, subdivision 1, is amended to read:

Subdivision 1. Within 120 days after the fiscal year end of the registrant, the registrant shall file a report in the form prescribed by rule of the commissioner. A fee of ~~$100~~ $200 shall accompany the annual report.

Sec. 51. Minnesota Statutes 1990, section 82.22, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Each applicant for a license must pass an examination conducted by the commissioner. The examina-

tions shall be of sufficient scope to establish the competency of the applicant to act as a real estate broker~~, as~~ or a real estate salesperson~~, or as a real estate closing agent~~.

Sec. 52. Minnesota Statutes 1990, section 82.22, subdivision 5, is amended to read:

Subd. 5. [PERIOD FOR APPLICATION.] An applicant who obtains an acceptable score on a salesperson's ~~or closing agent's~~ examination must file an application and obtain the license within one year of the date of successful completion of the examination or a second examination must be taken to qualify for the license. If a new examination is required, prelicense education must be completed in accordance with subdivision 6.

Sec. 53. Minnesota Statutes 1990, section 82.22, subdivision 10, is amended to read:

Subd. 10. [RENEWAL; EXAMINATION.] Except as provided in subdivisions 3 and 7, no examination shall be required for the renewal of any license, provided, however, any licensee having been licensed as a broker~~,~~ or salesperson~~, or closing agent~~ in the state of Minnesota and who shall fail to renew the license for a period of two years shall be required by the commissioner to again take an examination.

Sec. 54. Minnesota Statutes 1990, section 82.22, subdivision 11, is amended to read:

Subd. 11. [EXAMINATION ELIGIBILITY; REVOCATION.] No applicant shall be eligible to take any examination if a license as a real estate broker~~,~~ or salesperson~~, or closing agent~~ has been revoked in this or any other state within two years of the date of the application.

Sec. 55. Minnesota Statutes 1990, section 115C.09, is amended by adding a subdivision to read:

Subd. 6. [LIMITATION ON REIMBURSEMENT OBLIGATION.] Notwithstanding any other provisions of this chapter, there shall be no obligation to the general fund to make a reimbursement if there are not sufficient funds in the petroleum tank release cleanup account.

Sec. 56. Minnesota Statutes 1990, section 129D.04, is amended by adding a subdivision to read:

Subd. 5. The board may contract as necessary in the performance of its duties.

Sec. 57. Minnesota Statutes 1990, section 129D.04, is amended by adding a subdivision to read:

Subd. 6. The board's receipts from the sale of publications, mailing lists, recordings or media projects, and fees from seminars or workshops are annually appropriated to the board for the purposes of this section.

Sec. 58. Minnesota Statutes 1990, section 129D.05, is amended to read:

129D.05 [PUBLICATIONS; LEGEND.]

Every publication, program, or other graphic material prepared by the board or prepared for use by any other organization in connection with an activity paid for by the board shall bear the legend: "This activity is made possible in part by a grant provided by the Minnesota state arts board through an appropriation by the Minnesota state legislature."

Each publication, program, or other graphic material prepared by an individual artist in connection with an activity paid for by the board shall bear the legend: "(artist's name) is a (fiscal year) recipient of a (program) grant from the Minnesota state arts board from funds appropriated by the Minnesota legislature.

Sec. 59. Minnesota Statutes 1990, section 138.91, is amended to read:

138.91 [MINNESOTA HUMANITIES COMMISSION.]

Subdivision 1. [REPORTS.] ~~From money appropriated to it for this purpose the Minnesota historical society shall make grants to the Minnesota humanities commission for its general operations and management. A grant shall not be made unless matched by an equal amount of federal money. At least 50 percent of the amount appropriated shall be used for cooperation with and service for other groups, agencies, and institutions outside the seven-county metropolitan area for the support and dissemination of the humanities.~~

~~Subd. 2.~~ The Minnesota humanities commission shall report to the legislature by September 1 of each year on the use of ~~these grants~~ state funds appropriated to the commission. The report shall include an itemized account of the programs and projects supported and the source of money for each. The report shall show actual expenditures for the fiscal year ending the preceding June 30 and proposed expenditures for the fiscal year beginning the preceding July 1.

Subd. ~~3.~~ 2. [HUMANITIES ~~RESOURCE~~ CENTER.] (a) The Min-

nesota humanities commission may establish a humanities ~~resource~~ center to ensure balance in public education and in the cultural life of the state, and to improve humanities education through the establishment of two institutes: The Minnesota institute for lifelong learning, and the Minnesota institute for the advancement of teaching.

(b) The humanities ~~resource~~ center may transport people and resources to small towns, rural communities, and urban settings to provide grants, technical assistance, and high quality educational and cultural programs to schools and community organizations throughout Minnesota.

(c) The Minnesota institute for the advancement of teaching may conduct seminars and other activities for the recognition of the teaching profession and the advancement of teaching in Minnesota.

Sec. 60. Minnesota Statutes 1990, section 138.94, is amended to read:

138.94 [STATE ~~HISTORICAL~~ HISTORY CENTER.]

Subdivision 1. [DESIGNATION.] The ~~historical~~ building at ~~690 Cedar Street and the land housing the Mechanic Arts gymnasium, parking lot, and any other properties between those entities and the historical building at 690 Cedar Street~~ 160 John Ireland Boulevard is hereby designated as the state ~~historical~~ history center, and is to be used for such purposes notwithstanding any other law to the contrary. Authority for administration and control of the state ~~historical~~ history center is conferred on the Minnesota historical society. The society is not exempt from rental or lease costs by the state. The state will maintain and provide custodial, security, and climate control services for the ~~historical~~ history center.

Subd. 2. [USER FEES.] The society may charge fees it deems reasonable for uses relating to the state history center, including special exhibit fees and parking fees.

Sec. 61. Minnesota Statutes 1990, section 162.02, subdivision 12, is amended to read:

Subd. 12. [SYSTEM TO INCLUDE FORMER MUNICIPAL STATE-AID STREETS.] Former municipal state-aid streets located in a city that previously received money from the municipal state-aid street fund but whose population fell below 5,000 under the 1980 or 1990 federal census must be included in the county state-aid highway system, subject to the approval of the governing bodies of the city and the county. An action taken by a county board approving the inclusion of a former municipal state-aid street in the county state-aid highway system must also include a resolution

taking over the street as a county highway under section 163.11. The county state-aid highway system is increased in extent by the addition of the mileage of municipal state-aid streets reverting or turned over to the jurisdiction of the counties under this subdivision.

Sec. 62. Minnesota Statutes 1990, section 168C.04, is amended to read:

168C.04 [REGISTRATION FEE.]

Subdivision 1. The registration fee for bicycles shall be ~~$3 until January 1, 1985, and shall be $5 thereafter~~ $9 after July 1, 1991. These fees shall be paid at the time of registration. The fees, and any donations in excess of the fees must be deposited ~~in the general fund~~ a bicycle transportation account in the special revenue fund. Proof of purchase is required for registration. Bicycles lacking proof of purchase may be registered if there is no evidence that the bicycle is stolen. However, the registration record must be marked to indicate that no proof of purchase was provided. The registration is valid for three calendar years. A person registering a bicycle may add an additional amount to the registration fee, and all amounts so added must be deposited in the same manner as registration fees. A person registering a bicycle must at the time of registration be informed that a registrant may add an additional amount to the fee and that all such additional amounts will be used for the purposes specified in subdivision 2.

Subd. 2. ~~Funds received from bicycle registration may be expended only by legislative appropriation for the following purposes:~~

~~(a) for the costs incurred by the commissioner in administering the bicycle registration program;~~

~~(b) beginning July 1, 1984, for a program to be conducted by the commissioner to publicize the bicycle registration program and encourage participation in it by bicycle owners and local units of government;~~

~~(c) for the development of bicycle safety education programs and the development of bicycle transportation and recreational facilities including but not limited to bicycle lanes and ways on highway right-of-way, off-road bicycle trails and bicycle mapping.~~ A bicycle transportation account is created in the special revenue fund. All funds in the account, up to a maximum of $160,000 in a fiscal year, are annually appropriated as follows:

(1) one-half to the commissioner of transportation for the development of bicycle transportation and recreational facilities on public highways, including but not limited to bicycle lanes and ways on highways, off-road bicycle trails, and bicycle mapping; and

(2) one-half to the commissioner of public safety for bicycle safety programs, administration of the bicycle registration program, and public information and education designed to encourage participation in the program.

Subd. 3. An agency of the state expending funds from the bicycle ~~program~~ transportation account must, in making expenditures for the purposes of subdivision 2, paragraph (c) give consideration to participation or nonparticipation by a political subdivision in the bicycle registration program as provided in section 168C.13 and the extent of local public participation in the program before approving a project or expenditure in that political subdivision.

~~Subd. 4. Not later than March 1, 1985 the commissioner shall report to the legislature on funds expended under subdivision 2, paragraph (b) and accomplishments in carrying out the purposes of that clause.~~

Sec. 63. Minnesota Statutes 1990, section 171.06, subdivision 2a, is amended to read:

Subd. 2a. [FEE INCREASED.] The fee for any duplicate drivers license which is obtained for the purpose of adding a two-wheeled vehicle endorsement is increased by ~~$7.50~~ $15 for each first such duplicate license and ~~$6~~ $12 for each renewal thereof. The additional fee shall be paid into the state treasury and credited as follows:

(1) $7.50 of the additional fee for each first duplicate license, and $6 of the additional fee for each renewal, must be credited to the motorcycle safety fund which is hereby created; provided that any fee receipts in excess of $500,000 in a fiscal year shall be credited 90 percent to the trunk highway fund and ten percent to the general fund, as provided in section 171.26.

(2) The remainder of the additional fee must be credited to the general fund.

All application forms prepared by the commissioner for two-wheeled vehicle endorsements shall clearly contain the information that of the total fee charged for the endorsement, $6 is dedicated to the motorcycle safety fund.

Sec. 64. Minnesota Statutes 1990, section 171.26, is amended to read:

171.26 [MONEY CREDITED TO TRUNK HIGHWAY FUND AND TO GENERAL FUND.]

All money received under the provisions of this chapter shall be paid into the state treasury with 90 percent of such money credited

to the trunk highway fund, and ten percent credited to the general fund, except as provided in ~~section~~ sections 171.06, subdivision 2a; and 171.29, subdivision 2.

Sec. 65. Minnesota Statutes 1990, section 182.651, is amended by adding a subdivision to read:

Subd. 21. [AFFECTED EMPLOYEE.] "Affected employee" means a current employee of a cited employer who is exposed within the scope of employment to the alleged hazard described in the citation.

Sec. 66. Minnesota Statutes 1990, section 182.651, is amended by adding a subdivision to read:

Subd. 22. [AUTHORIZED EMPLOYEE REPRESENTATIVE.] "Authorized employee representative" means a labor organization that has a collective bargaining relationship with the cited employer and that represents affected employees.

Sec. 67. Minnesota Statutes 1990, section 182.651, is amended by adding a subdivision to read:

Subd. 23. [RESPONDENT.] "Respondent" means a person against whom a complaint has been issued or served.

Sec. 68. Minnesota Statutes 1990, section 182.661, subdivision 1, is amended to read:

Subdivision 1. If, after an inspection or investigation, the commissioner issues a citation under section 182.66, the commissioner shall notify the employer by certified mail of the penalty, if any, proposed to be assessed under section 182.666 and that the employer has ~~15 working~~ 20 calendar days within which to ~~notify the commissioner in writing~~ file a notice of contest and certification of service, on a form provided by the commissioner, indicating that the employer wishes to contest the citation, type of violation, proposed assessment of penalty, or the period of time fixed in the citation given for correction of violation. A copy of the citation and the proposed assessment of penalty shall also be mailed to the ~~bargaining~~ authorized employee representative and, in the case of the death of an employee, to the next of kin if requested ~~and designated representative of the employee if known to the department of labor and industry~~. If within ~~15 working~~ 20 calendar days from the receipt of the penalty notice issued by the commissioner the employer fails to ~~notify the commissioner in writing that the employer intends to contest the citation or proposed assessment of penalty~~ file the notice of contest, and no notice ~~contesting either the citation, the type of violation, proposed penalty, or the time fixed for abatement in the citation~~ of contest is filed by any employee or authorized representative of employees under subdivision 3 within such time, the

citation and assessment, as proposed, shall be deemed a final order of the ~~board~~ commissioner and not subject to review by any court or agency.

Sec. 69. Minnesota Statutes 1990, section 182.661, subdivision 2, is amended to read:

Subd. 2. If the commissioner has reason to believe that an employer has failed to correct a violation for which a citation has been issued within the period permitted for its correction, which period shall not begin to run until the entry of a final order by the ~~board~~ commissioner in case of any review proceedings under this section initiated by the employer in good faith and not solely for delay or avoidance of penalties, the commissioner shall notify the employer by certified mail of such failure and of the penalty proposed to be assessed under section 182.666 by reason of such failure, and that the employer has ~~15 working~~ 20 calendar days within which to ~~notify in writing the commissioner~~ file a notice of contest and certification of service, on a form provided by the commissioner, indicating that the employer wishes to contest the commissioner's notification or the proposed assessment of penalty. If, within ~~15 working~~ 20 calendar days from the receipt of penalty notification issued by the commissioner, the employer fails to ~~notify in writing the commissioner~~ file the notice of contest indicating that the employer intends to contest the notification or proposed assessment of penalty, the penalty notification and assessment, as proposed, shall be deemed a final order of the ~~board~~ commissioner and not subject to review by any court or agency.

Sec. 70. Minnesota Statutes 1990, section 182.661, subdivision 2a, is amended to read:

Subd. 2a. The commissioner may bring an action in district court for injunctive or other appropriate relief including monetary damages if the employer fails to comply with a final order of the ~~board~~ commissioner.

Sec. 71. Minnesota Statutes 1990, section 182.661, subdivision 3, is amended to read:

Subd. 3. If an employer notifies the commissioner that the employer intends to contest the citation or the proposed assessment of penalty or the employee or the authorized employee representative notifies the commissioner that the employee intends to contest the time fixed for abatement in the citation issued under section 182.66, the citation, the type of alleged violation, the proposed penalty, or notification issued under subdivisions 1 or 2, the ~~board~~ commissioner shall ~~conduct~~ either resolve the matter by settlement agreement or refer the matter to an administrative law judge for a hearing in accordance with the applicable provisions of chapter 14~~, for hearings in contested cases~~. Where the commissioner refers a

matter for a contested case hearing, the administrative law judge shall make findings of fact, conclusions of law, and any appropriate orders. The determinations shall be the final decision of the commissioner and may be appealed to the board by any party. The rules of procedure prescribed by the ~~board~~ commissioner shall provide affected employees or authorized representatives of affected employees an opportunity to participate as parties to hearings under this subdivision.

Sec. 72. Minnesota Statutes 1990, section 182.661, subdivision 3a, is amended to read:

Subd. 3a. As prescribed in rules issued by the ~~board~~ commissioner, each notice of intent to contest the citation, proposed assessment of penalty, or period of time fixed in the citation for correction of the violation shall be prominently posted at or near each place a violation referred to in the citation occurred or served on affected employers, employees, and authorized employee representatives. If the contesting employer, employee, or authorized employee ~~representation~~ representative fails to post or serve the notice of intent to contest the citation, the proposed assessment of penalty, or the period of time fixed for correction of the violation within the time prescribed in rules issued by the ~~board~~ commissioner, the ~~board~~ administrative law judge may render a default judgment in favor of the commissioner.

Sec. 73. Minnesota Statutes 1990, section 182.661, is amended by adding a subdivision to read:

Subd. 3b. [SERVICE OF NOTICES.] The contesting party shall serve a copy of the notice of contest and notice to employees, on forms provided by the commissioner, upon unrepresented affected employees and authorized employee representatives on or before the date the notice of contest is filed with the commissioner. For purposes of this section, a document is considered filed upon receipt by the commissioner.

Sec. 74. Minnesota Statutes 1990, section 182.661, is amended by adding a subdivision to read:

Subd. 5. [SETTLEMENT.] Where the parties resolve a contested matter by settlement agreement, the contesting party shall serve a copy of the agreement upon affected employees and authorized employee representatives. Affected employees and authorized employee representatives may file, with the commissioner, an objection to the settlement agreement. The objections must be filed within ten calendar days after service of the agreement. Upon receipt of an objection to a settlement agreement, the commissioner may refer the agreement to an administrative law judge who shall give consideration to the objection before approving or disapproving the

agreement. If no timely objection is made, the settlement agreement becomes a final order of the commissioner.

Sec. 75. Minnesota Statutes 1990, section 182.661, is amended by adding a subdivision to read:

Subd. 6. [COMPLAINT AND ANSWER.] The commissioner shall serve a complaint on all parties no later *than* 90 calendar days after receiving a notice of contest. The contesting party shall serve an answer on all the parties within 20 calendar days after service of the complaint.

Sec. 76. Minnesota Statutes 1990, section 182.664, subdivision 3, is amended to read:

Subd. 3. The review board ~~or its appointed administrative law judges may hold hearings at places of convenience to the parties concerned~~ shall review and decide appeals from decisions and orders of the commissioner's appointed administrative law judges, petitions to vacate final orders of the commissioner, and with the agreement of the parties, may hear and decide petitions for decisions based on stipulated facts. The powers of the board in the conduct of hearings, including the power to ~~administer oaths and subpoena persons~~ sign decisions and orders, may be ~~exercised on its behalf by~~ delegated to a member, members, or ~~an administrative law judge appointed by~~ the board chair. The board may ~~administer oaths and subpoena persons, including parties, as witnesses and may compel them to produce documentary evidence for hearings~~ schedule a hearing for purposes of taking oral argument. A notice stating the time and place of the hearing must be given ten days in advance of such a hearing to the parties and copies of the notice of such hearing shall be posted by the employer at such places as the board shall require. The hearings shall be open to the public and the ~~records of hearings~~ board's decisions and orders shall be maintained and available for examination. ~~The hearing shall be conducted in compliance with rules contained in chapter 14. The rules of the board shall provide affected employers, employees or their representatives an opportunity to participate as parties provided they file notice at least five days before the start of the hearing.~~

Sec. 77. Minnesota Statutes 1990, section 182.664, subdivision 5, is amended to read:

Subd. 5. For the purpose of carrying out its functions under this chapter, two members of the board shall constitute a quorum and official action can be taken only on the affirmative vote of at least two *members*. The ~~findings~~ decisions and ~~decision~~ orders of an administrative law judge, or final orders of the commissioner, may be appealed to the review board by the employer, employee, or their authorized representatives, within 30 days following ~~publication~~ receipt of the administrative law judge's ~~findings~~ decision and

~~decision~~ order, or final order of the commissioner. The review board shall have authority to revise, confirm, or reverse the ~~findings~~ decision and ~~decision~~ order of administrative law judges, or to vacate and remand final orders of the commissioner. The board shall only vacate a final order of the commissioner upon a prima facie showing of good cause. For purposes of this section, good cause is limited to fraud, mistake of fact or law, or newly discovered evidence.

Sec. 78. Minnesota Statutes 1990, section 182.666, subdivision 1, is amended to read:

Subdivision 1. Any employer who willfully or repeatedly violates the requirements of section 182.653, or any standard, rule, or order ~~promulgated~~ adopted under the authority of the commissioner as provided in this chapter, may be assessed a fine not to exceed ~~$20,000~~ $70,000 for each violation. The minimum fine for a willful violation is $5,000.

Sec. 79. Minnesota Statutes 1990, section 182.666, subdivision 2, is amended to read:

Subd. 2. Any employer who has received a citation for a serious violation of its duties under section 182.653, or any standard, rule, or order ~~promulgated~~ adopted under the authority of the commissioner as provided in this chapter, shall be assessed a fine not to exceed ~~$2,000~~ $7,000 for each ~~such~~ violation. If ~~such~~ the violation causes or contributes to the cause of the death of an employee, the employer shall be assessed a fine of up to $10,000.

Sec. 80. Minnesota Statutes 1990, section 182.666, subdivision 3, is amended to read:

Subd. 3. Any employer who has received a citation for a violation of its duties under section 182.653, subdivisions 2 to 4, where ~~such~~ the violation is specifically determined not to be of a serious nature as provided in section 182.651, subdivision 12, may be assessed a fine of up to ~~$2,000~~ $7,000 for each ~~such~~ violation.

Sec. 81. Minnesota Statutes 1990, section 182.666, subdivision 4, is amended to read:

Subd. 4. Any employer who fails to correct a violation for which a citation has been issued under section 182.66 within the period permitted for its correction, which period shall not begin to run until the date of the final order of the board in the case of any review proceedings under this chapter initiated by the employer in good faith and not solely for delay or avoidance of penalties, may be assessed a fine of not more than ~~$2,000~~ $7,000 for each day during which ~~such~~ the failure or violation continues.

Sec. 82. Minnesota Statutes 1990, section 182.666, subdivision 5, is amended to read:

Subd. 5. Any employer who violates any of the posting requirements, as prescribed under this chapter, except those prescribed under section 182.661, subdivision 3a, shall be assessed a fine of up to ~~$2,000~~ $7,000 for each violation.

Sec. 83. Minnesota Statutes 1990, section 182.666, subdivision 5a, is amended to read:

Subd. 5a. Any employer who knowingly violates section 182.6575 shall be assessed a fine of up to ~~$2,000~~ $7,000 for each violation. The employer shall also be liable to each aggrieved employee for civil punitive damages of $400.

Sec. 84. Minnesota Statutes 1990, section 182.669, subdivision 1, is amended to read:

Subdivision 1. Any employee believed to have been discharged or otherwise discriminated against by any person because such employee has exercised any right authorized under the provisions of sections 182.65 to 182.674, may, within 30 days after such alleged discrimination occurs, file a complaint with the commissioner alleging the discriminatory act. Upon receipt of such complaint, the commissioner shall cause such investigation to be made as the commissioner deems appropriate. If upon such investigation the commissioner determines that a discriminatory act was committed against an employee, the commissioner shall refer the matter to the office of administrative hearings for a hearing before an administrative law judge pursuant to the provisions of chapter 14. For purposes of this section, the commissioner shall file with the administrative law judge and serve upon the respondent, by registered or certified mail, a complaint and written notice of hearing. The respondent shall file with the administrative law judge and serve upon the commissioner, by registered or certified mail, an answer within 20 days after service of the complaint. In all cases where the administrative law judge finds that an employee has been discharged or otherwise discriminated against by any person because the employee has exercised any right authorized under sections 182.65 to 182.674, the administrative law judge may order payment to the employee of back pay and compensatory damages. The administrative law judge may also order rehiring of the employee; reinstatement of the employee's former position, fringe benefits, and seniority rights; and other appropriate relief. In addition, the administrative law judge may order payment to the commissioner or to the employee of costs, disbursements, witness fees, and attorney fees. Interest shall accrue on, and be added to, the unpaid balance of an administrative law judge's order from the date the order is signed by the administrative law judge until it is paid, at the annual rate provided in section 549.09, subdivision 1, para-

graph (c). An employee may bring a private action in the district court for relief under this section.

Sec. 85. Minnesota Statutes 1990, section 184.28, subdivision 2, is amended to read:

Subd. 2. The department shall hold such examinations at such times and places as it shall determine. An examination fee of ~~$10~~ $20 shall be paid by each applicant in addition to the license fee, which examination fee shall be retained by the department whether or not the applicant passes the examination. The examination fee shall be forfeited if the applicant does not take the examination within six months of the application date. The examination fee of ~~$10~~ $20 shall cover the costs of preparing and printing the examinations and the cost of giving each person taking the examination a copy of the latest rules. Rules shall be kept on the premises readily available to the counselor, manager, or agent.

Sec. 86. Minnesota Statutes 1990, section 184.29, is amended to read:

184.29 [FEES.]

Before a license is granted to an applicant, the applicant shall pay the following fee:

(a) An employment agent shall pay an annual license fee of ~~$200~~ $250 for each license.

(b) A search firm exempt under section 184.22, subdivision 2, shall pay an annual registration fee of ~~$200~~ $250, accompanying the annual statement to the commissioner.

(c) An applicant for a counselor's license shall pay a license fee of ~~$10~~ $20 and a renewal fee of ~~$5~~ $10.

(d) An applicant for an employment agency manager's license shall pay a license fee of ~~$10~~ $20 and a renewal fee of ~~$5~~ $10.

Sec. 87. Minnesota Statutes 1990, section 184A.09, is amended to read:

184A.09 [LICENSE FEES.]

Before a license shall be granted to an applicant, the applicant shall pay a filing fee of $25 and a license fee of ~~$200~~ $250.

An application for consent to transfer or assign a license shall be accompanied by a $25 filing fee.

Sec. 88. Minnesota Statutes 1990, section 239.78, is amended to read:

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~~ amounts appropriated for petroleum product quality inspection expenses ~~and the amount appropriated~~, for the inspection and testing of petroleum product measuring devices as required by this chapter, and for petroleum supply monitoring under chapter 216C. 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. 89. Minnesota Statutes 1990, section 240.02, subdivision 2, is amended to read:

Subd. 2. [QUALIFICATIONS.] A member of the commission, ~~other than the commissioner,~~ must have been a resident of Minnesota for at least five years before appointment, and must have a background and experience as would qualify for membership on the commission. A member must, before taking a place on the commission, file a bond in the principal sum of $100,000 payable to the state, conditioned upon the faithful performance of duties. No commissioner, nor any member of the commissioner's immediate family residing in the same household, may hold a license issued by the commission or have a direct or indirect financial interest in a corporation, partnership, or association which holds a license issued by the commission.

Sec. 90. Minnesota Statutes 1990, section 240.02, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION.] The compensation of commission members ~~is $35 per~~ for each day spent on commission activities, when authorized by the commission, shall be the same as compensation provided for other members of boards and commissions under section 15.0575, subdivision 3, plus expenses in the same manner and amount as provided in the commissioner's plan adopted according to section 43A.18, subdivision 2.

Sec. 91. Minnesota Statutes 1990, section 240.06, subdivision 8, is amended to read:

Subd. 8. [WORK AREAS.] A class A licensee must provide at no cost to the ~~division~~ commission suitable work areas for commission members, officers, employees, and agents, including agents of the division of gambling enforcement, who are directed or requested by the commission to supervise and control racing at the licensed racetrack.

Sec. 92. Minnesota Statutes 1990, section 240.155, is amended to read:

240.155 [REIMBURSEMENT ~~ACCOUNT~~ ACCOUNTS AND PROCEDURES.]

Subdivision 1. Money received by the commission as reimbursement for the costs of services provided by assistant veterinarians and stewards must be deposited in the state treasury and credited to a racing commission reimbursement account, except as provided under subdivision 2. Receipts are appropriated to the commission to pay the costs of providing the services.

Subd. 2. Money received by the commission as reimbursement for the compensation of a steward who is an employee of the commission for which a general fund appropriation has been made, shall be deposited in the general fund.

Sec. 93. Minnesota Statutes 1990, section 240.28, is amended to read:

240.28 [CONFLICT OF INTEREST.]

Subdivision 1. [FINANCIAL INTEREST.] No person may serve on or be employed by the commission ~~or be employed by the division~~ who has an interest in any corporation, association, or partnership which holds a license from the commission or which holds a contract to supply goods or services to a licensee or at a licensed racetrack, including concessions contracts. No member or employee of the commission ~~or employee of the division~~ may own, wholly or in part, or have an interest in a horse which races at a licensed racetrack in Minnesota. No member or employee of the commission ~~or employee of the division~~ may have a financial interest in or be employed in a profession or business which conflicts with the performance of duties as a member or employee.

Subd. 2. [BETTING.] No member or employee of the commission ~~or employee of the division~~ may bet or cause a bet to be made on a race at a licensed racetrack while serving on or being employed by the commission ~~or being employed by the division~~. No person

appointed or approved by the director as a steward may bet or cause a bet to be made at a licensed racetrack during a racing meeting at which the person is serving as a steward. The commission shall by rule prescribe such restrictions on betting by its licensees as it deems necessary to protect the integrity of racing.

Subd. 3. [VIOLATION.] A violation of subdivisions 1 and 2 is grounds for removal from the commission or termination of employment. A bet made directly or indirectly by a licensee in violation of a rule made by the commission under subdivision 2 is grounds for suspension or revocation of the license.

Sec. 94. Minnesota Statutes 1990, section 297B.09, subdivision 1, is amended to read:

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

(b) ~~Twenty-five percent of the money collected and received under this chapter after June 30, 1990, and before July 1, 1991, must be transferred to the highway user tax distribution fund and the transit assistance fund for apportionment as follows: 75 percent must be transferred to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund, and the remaining 25 percent of the money must be transferred to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state and to the regional transit board.~~ Ten and sixty-seven hundredths percent of the money collected and received under this chapter after June 30, 1991, must be transferred to the trunk highway fund and the transit assistance fund for apportionment as follows: 75 percent must be transferred to the trunk highway fund, and the remaining 25 percent of the money must be transferred to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state and to the regional transit board. The total amount transferred under this paragraph may not exceed $39,192,000.

(c) ~~Five percent of the money collected and received under this chapter after June 30, 1989, and before July 1, 1991, must be~~

~~transferred as follows: 75 percent must be transferred to the trunk highway fund and 25 percent must be transferred to the transit assistance fund.~~

~~(d) Thirty percent of the money collected and received under this chapter after June 30, 1991, must be transferred as follows: 75 percent must be transferred to the trunk highway fund and 25 percent must be transferred to the transit assistance fund.~~

~~(e)~~ The distributions under this subdivision to the ~~highway user tax distribution fund until June 30, 1991, and to the~~ trunk highway fund ~~thereafter,~~ must be reduced by the amount necessary to fund the appropriation under section 41A.09, subdivision 1. ~~For the fiscal years ending June 30, 1988, and June 30, 1989,~~ The commissioner of finance, before making the transfers required on July 15 and ~~January~~ February 15 of each year, shall estimate the amount required to fund the appropriation under section 41A.09, subdivision 1, for the six-month period for which the transfer is being made. The commissioner shall then reduce the amount transferred to the ~~highway user tax distribution~~ trunk highway 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~~ trunk highway 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~~ trunk highway 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~~ trunk highway fund for that six-month period.

Sec. 95. Minnesota Statutes 1990, section 299F.57, subdivision 1a, is amended to read:

Subd. 1a. [ADOPTION OF FEDERAL STANDARDS.] The federal safety standards adopted as Code of Federal Regulations, title 49, parts 191, 192, ~~and~~ 193, and 199, and standards that may be adopted that amend parts 191, 192, ~~and~~ 193, and 199, are adopted as minimum safety standards.

Sec. 96. Minnesota Statutes 1990, section 299F.641, subdivision 2, is amended to read:

Subd. 2. [FEDERAL STANDARDS ADOPTED.] The federal safety standards adopted as Code of Federal Regulations, title 49, ~~part~~ parts 195 and 199, and standards that may be adopted that amend ~~part~~ parts 195 and 199, are adopted as minimum safety

standards. The commissioner may by rule adopt additional or more stringent safety standards for intrastate hazardous liquid pipeline facilities and the transportation of hazardous liquids associated with those facilities, if the state standards are compatible with the federal standards. The standards may not prescribe the location or routing of a pipeline facility.

Sec. 97. Minnesota Statutes 1990, section 299K.07, is amended to read:

299K.07 [NOTIFICATION TO EMERGENCY ~~RESPONSE~~ MANAGEMENT CENTER.]

(a) The notification of the commission required under the federal act shall be made to the state emergency ~~response~~ management center. The owner or operator of a facility shall immediately notify the state emergency ~~response~~ management center of the release of a reportable quantity of the following materials:

(1) a hazardous substance on the list established under United States Code, title 42, section 9602; or

(2) an extremely hazardous substance on the list established under United States Code, title 42, section 11002.

(b) This section does not apply to a release that results in exposure to persons solely within the site or sites on which a facility is located or to a release specifically authorized by state law.

(c) A person who is required to report to or notify a state agency of a discharge, release, or incident under section 221.034, chapter 18B, 18C, 18D, 115, 115A, 115B, 115C, 115D, 116, 299J, or 299K, or any other statute, administrative rule or federal rule may satisfy the requirement to report by notifying the emergency management center established in this section. The commissioner of the department of public safety shall ensure that the center is staffed with adequate personnel to answer all calls 24 hours a day and that those staff are adequately trained to efficiently notify all appropriate state and federal agencies with jurisdiction over the discharge or release, and provide emergency responder information. No state agency may adopt a rule or guideline that requires a person who notifies the emergency management center to also notify that agency. The commissioner of each affected state agency shall include the telephone number of the emergency management center in all files, permits, correspondence, educational publications, and other communications with the public and other persons, and shall designate personnel to coordinate receipt of reports or notifications with emergency management center personnel.

Sec. 98. Minnesota Statutes 1990, section 299K.09, subdivision 2, is amended to read:

Subd. 2. [FEE STRUCTURE.] The fee established under subdivision 1 may not exceed, in the aggregate, the amount necessary to cover the costs for all data management, including administration of fees, by the commission and regional review committees, and a portion of the costs of operation of the emergency management center.

Sec. 99. Minnesota Statutes 1990, section 336.9-413, is amended to read:

336.9-413 [UNIFORM COMMERCIAL CODE ACCOUNT.]

(a) The uniform commercial code account is established as an account in the state treasury.

(b) The filing officer with whom a financing statement, amendment, assignment, statement of release, or continuation statement is filed, or to whom a request for search is made, shall collect a ~~$3~~ $4 surcharge on each filing or search. By the 15th day following the end of each fiscal quarter, each county recorder shall forward the receipts from the surcharge accumulated during that fiscal quarter to the secretary of state. 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.

(c) The surcharge amounts received from county recorders and the surcharge amounts collected by the secretary of state's office must be deposited in the state treasury and credited to the general fund.

(d) Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing a service under sections 336.9-411 to 336.9-413 must be deposited in the state treasury and credited to the uniform commercial code account.

(e) Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing information contained in the computerized records maintained by the secretary of state must be deposited in the state treasury and credited to the uniform commercial code account.

(f) Money in the uniform commercial code account is continuously appropriated to the secretary of state to implement and maintain the computerized uniform commercial code filing system under section 336.9-411 and to provide electronic-view-only access to other computerized records maintained by the secretary of state.

Sec. 100. Minnesota Statutes 1990, section 349.12, subdivision 10, is amended to read:

Subd. 10. [DIRECTOR.] "Director" is the director of the ~~division of~~ gambling control board.

Sec. 101. Minnesota Statutes 1990, section 349.151, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] (a) Until July 1, the board consists of six members appointed by the governor with the advice and consent of the senate and the commissioner of gaming as a voting member. ~~Of the members first appointed, one is for a term expiring June 30, 1990, two are for a term expiring June 30, 1991, two are for a term expiring June 30, 1992, and one is for a term expiring June 30, 1993.~~

(b) On and after July 1, 1991, the board consists of seven members, as follows: (1) those members appointed by the governor before July 1, 1991, whose terms expire June 30, 1992, June 30, 1993, and June 30, 1994; (2) one member appointed by the governor for a term expiring June 30, 1994; (3) one member appointed by the commissioner of public safety for a term expiring June 30, 1995; and (4) one member appointed by the attorney general for a term expiring June 30, 1995.

(c) All appointments under this subdivision are with the advise and consent of the senate.

(d) After expiration of the initial terms, appointments are for four years.

(e) The board shall select one of its members~~, other than the commissioner,~~ to serve as chair. No more than three members appointed by the governor under this subdivision may belong to the same political party.

Sec. 102. Minnesota Statutes 1990, section 349A.01, subdivision 5, is amended to read:

Subd. 5. [DIRECTOR.] "Director" is the director of the state lottery ~~division~~.

Sec. 103. Minnesota Statutes 1990, section 349A.01, subdivision 9, is amended to read:

Subd. 9. [LOTTERY.] "Lottery" is the state lottery ~~operated by the state lottery division of the department~~.

Sec. 104. Minnesota Statutes 1990, section 349A.02, subdivision 1, is amended to read:

Subdivision 1. [DIRECTOR.] A state lottery ~~division~~ is established ~~in the department of gaming,~~ under the supervision and control of the director of the state lottery appointed by the governor with the advice and consent of the senate. The governor shall appoint the first director from a list of at least three persons recommended to the governor by the governor's commission on the lottery which was appointed by the governor on December 8, 1988. The director must be qualified by experience and training to supervise the lottery. The director serves in the unclassified service.

Sec. 105. Minnesota Statutes 1990, section 349A.03, subdivision 1, is amended to read:

Subdivision 1. [BOARD CREATED.] There is created ~~within the division~~ a state lottery board. The board consists of ~~six~~ seven members appointed by the governor ~~plus the commissioner as a voting member~~. Not more than ~~three~~ four of the members ~~appointed by the governor under this subdivision~~ may belong to the same political party and at least three members must reside outside the seven-county metropolitan area. The terms of office, removal from office, and compensation of members of the board~~, other than the commissioner,~~ are as provided in section 15.059 except the board does not expire as provided under section 15.059, subdivision 5. The members of the board shall select the chair of the board~~, who shall not be the commissioner~~.

Sec. 106. Minnesota Statutes 1990, section 349A.10, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF NET PROCEEDS.] Within 30 days after the end of each month, the director shall deposit in the state treasury the net proceeds of the lottery, which is the balance in the lottery fund after transfers to the lottery prize fund and credits to the lottery operations account. Of the net proceeds, 40 percent must be credited to the Minnesota environment and natural resources trust fund, ~~28.3 percent must be credited to the infrastructure development fund for capital improvement projects at state institutions of higher education, 6.7 percent must be credited to the infrastructure development fund for capital improvement projects to develop or protect the state's environment and natural resources, and, through the first ten full fiscal years during which proceeds from the lottery are received, 25 percent must be credited to the Greater Minnesota account in the special revenue fund~~ and the remainder must be credited to the general fund.

Sec. 107. Minnesota Statutes 1990, section 626.861, subdivision 1, is amended to read:

Subdivision 1. [LEVY OF ASSESSMENT.] There is levied a penalty assessment of ~~ten~~ 12 percent on each fine imposed and collected by the courts of this state for traffic offenses in violation of

chapters 168 to 173 or equivalent local ordinances, other than a fine or forfeiture for a violation of a local ordinance or other law relating to the parking of a vehicle. In cases where the defendant is convicted but a fine is not imposed, or execution of the fine is stayed, the court shall impose a penalty assessment of not less than $5 nor more than $10 when the conviction is for a misdemeanor or petty misdemeanor, and shall impose a penalty assessment of not less than $10 but not more than $50 when the conviction is for a gross misdemeanor or felony. Where multiple offenses are involved, the penalty assessment shall be assessed separately on each offense for which the defendant is sentenced. If imposition or execution of sentence is stayed for all of the multiple offenses, the penalty assessment shall be based upon the most serious offense of which the defendant was convicted. Where the court suspends a portion of a fine, the suspended portion shall not be counted in determining the amount of the penalty assessment unless the offender is ordered to pay the suspended portion of the fine. Suspension of an entire fine shall be treated as a stay of execution for purposes of computing the amount of the penalty assessment.

Sec. 108. Minnesota Statutes 1990, section 626.861, subdivision 4, is amended to read:

Subd. 4. [PEACE OFFICERS TRAINING ACCOUNT.] Receipts from penalty assessments must be credited to the general fund. The peace officers standards and training board may allocate from funds appropriated as follows:

(a) Up to 30 percent may be provided for reimbursement to board approved skills courses.

(b) Up to 15 percent may be used for the school of law enforcement.

(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.

Sec. 109. [REVISOR INSTRUCTIONS.]

Subdivision 1. The revisor shall change the following terms in Minnesota Statutes and Minnesota Rules to reflect the intent of this act to abolish the department of gaming and the divisions within it:

(1) "division" or similar term to "commission" or similar term wherever it appears in reference to the Minnesota racing commission;

(2) "division" or similar term to "board" or similar term in reference to the gambling control board; and

(3) "division" or similar term to "lottery" or similar term in reference to the state lottery board.

Subd. 2. In the next edition of Minnesota Statutes, the revisor of statutes shall delete the term "division" where it appears:

(1) in Minnesota Statutes, sections 349.153; 349.163, subdivision 4; 349.167, subdivision 4; 349.169, subdivision 2; and 349.18, subdivision 1, and insert the term "board"; and

(2) in Minnesota Statutes, sections 349A.02, subdivisions 4, 5, 6, and 8; 349A.06, subdivisions 2 and 5; 349A.08, subdivision 7; 349A.10, subdivisions 3 and 4; 349A.11; and 349A.12, and insert the term "lottery".

Sec. 110. [REPEALER.]

(a) Laws 1989, chapter 322, section 7, is repealed.

(b) Minnesota Statutes 1990, section 182.664, subdivision 2, is repealed.

(c) Minnesota Statutes 1990, sections 240.01, subdivision 15; 349.12, subdivision 12; 349A.01, subdivisions 3, 4, and 6; and 349B.01, are repealed.

Sec. 111. [EFFECTIVE DATE.]

(a) Section 110, paragraph (a), is effective the day following final enactment.

(b) Sections 65; 66; 67; 68; 69; 70; 71; 72; 73; 74; 75; 76; 77; 78; 79; 80; 81; 82; 83; 84; and 110, paragraph (b), are effective August 1, 1991.

(c) Sections 46 and 47 are effective July 1, 1992.

(d) All other provisions of this article are effective July 1, 1991.

ARTICLE 2

CAPITAL IMPROVEMENTS

Section 1. [APPROPRIATIONS.]

The sums in the column marked "APPROPRIATIONS" are appro-

priated from the bond proceeds fund, or other named fund, to the state agencies indicated, to be spent to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this article.

APPROPRIATIONS

Sec. 2. MINNESOTA HISTORICAL SOCIETY $ 1,400,000

For major long-term exhibits at the state history center.

Sec. 3. COMMISSIONER OF TRANSPORTATION $ 2,420,000

For a grant to provide the local match for federal discretionary bridge funds for the Bloomington ferry bridge. This appropriation is from the state transportation fund.

Sec. 4. BOND SALE EXPENSES 68,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 5. DEBT SERVICE

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 1993, no more than $407,306,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds, other than general obligation special tax bonds or infrastructure development bonds. Before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount of bonds scheduled to be sold so as to

remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 6. [BOND SALE.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this article from the state bond proceeds fund the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to $1,400,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this article from the state transportation fund the commissioner of finance, on request from the governor, shall sell and issue state transportation bonds in the amount of $2,420,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Subd. 3. [REQUIREMENTS OF SALE.] The commissioner of finance shall sell the bonds authorized in subdivision 2, and the commissioner of transportation shall make the grant as provided in section 3, in such a manner that the grant authorized by that section will be made not later than June 30, 1991.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective July 1, 1991."

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; providing for regulation of certain activities and practices; providing for certain rights-of-way; requiring studies and reports; fixing and limiting accounts and fees; amending Minnesota Statutes 1990, sections 10A.02, by adding a subdivision; 12.14; 15A.081, subdivision 1; 16A.662, subdivisions 2, 4, and 5; 41A.09, subdivision 3; 60A.14, subdivision 1; 60A.17, subdivision 1d; 72B.04, subdivision 7; 80C.04, subdivision 1; 80C.07; 80C.08, subdivision 1; 82.22, subdivisions 1,

5, 10, and 11; 115C.09, by adding a subdivision; 129D.04, by adding subdivisions; 129D.05; 138.91; 138.94; 162.02, subdivision 12; 168C.04; 171.06, subdivision 2a; 171.26; 182.651, by adding subdivisions; 182.661, subdivisions 1, 2, 2a, 3, 3a, and by adding subdivisions; 182.664, subdivisions 3 and 5; 182.666, subdivisions 1, 2, 3, 4, 5, and 5a; 182.669, subdivision 1; 184.28, subdivision 2; 184.29; 184A.09; 239.78; 240.02, subdivisions 2 and 3; 240.06, subdivision 8; 240.155; 240.28; 297B.09, subdivision 1; 299F.57, subdivision 1a; 299F.641, subdivision 2; 299K.07; 299K.09, subdivision 2; 336.9-413; 349.12, subdivision 10; 349.151, subdivision 2; 349A.01, subdivisions 5 and 9; 349A.02, subdivision 1; 349A.03, subdivision 1; 349A.10, subdivision 5; and 626.861, subdivisions 1 and 4; Laws 1989, chapter 269, sections 11, subdivision 7; and 31; proposing coding for new law in Minnesota Statutes, chapter 3; repealing Minnesota Statutes 1990, sections 182.664, subdivision 2; 240.01, subdivision 15; 349.12, subdivision 12; 349A.01, subdivisions 3, 4, and 6; and 349B.01; and Laws 1989, chapter 322, section 7."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 53 was read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 274, 302, 355, 505, 515, 635, 687, 707, 785, 793, 804, 885, 910, 918, 962, 971, 1074 and 1216 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Orenstein, Brown, Carlson, Trimble and Morrison introduced:

H. F. No. 1668, A bill for an act relating to education; establishing innovation grants for post-secondary child care needs; appropriating money.

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

Jaros introduced:

H. F. No. 1669, A bill for an act relating to sexual assault victims; authorizing the commissioner of corrections to adopt rules and administer and award grants to sexual assault programs; authorizing the commissioner of corrections to appoint an advisory council on sexual assault; prescribing duties for the advisory council; requiring the commissioner to consider advisory council recommendations; providing for appointment of a sexual assault program director; amending Minnesota Statutes 1990, sections 611A.22; 611A.221; and 611A.23; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1990, section 611A.21.

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

Jaros introduced:

H. F. No. 1670, A bill for an act relating to retirement; local police or paid firefighters relief associations consolidating with the public employees police and fire fund; expanding benefit election options and opportunities; amending Minnesota Statutes 1990, section 353A.08, subdivision 3.

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

Jaros introduced:

H. F. No. 1671, A bill for an act relating to charitable organizations; modifying the definitions of registered combined charitable organizations; amending Minnesota Statutes 1990, section 309.501, subdivision 1.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

HOUSE ADVISORIES

The following House Advisory was introduced:

Segal introduced:

H. A. No. 16, A proposal to study the focus and concerns of self help groups of disabled persons.

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 File, herewith returned:

H. F. No. 471, A resolution memorializing the International Special Olympics Committee in support of the 1991 International Special Olympics Games.

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. 98, A bill for an act relating to civil commitment; establishing requirements for judicial release orders during the emergency hold period; amending Minnesota Statutes 1990, section 253B.05, subdivisions 1, 2, and 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Seaberg moved that the House concur in the Senate amendments to H. F. No. 98 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 98, A bill for an act relating to civil commitment; establishing requirements for judicial release orders during the emergency hold period; amending Minnesota Statutes 1990, section 253B.05, 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 134 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Ogren	Segal
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Skoglund
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Smith
Battaglia	Goodno	Krinkie	Omann	Solberg
Bauerly	Greenfield	Krueger	Onnen	Sparby
Beard	Gruenes	Lasley	Orenstein	Stanius
Begich	Gutknecht	Leppik	Orfield	Steensma
Bertram	Hanson	Lieder	Osthoff	Sviggum
Bettermann	Hartle	Limmer	Ostrom	Swenson
Bishop	Hasskamp	Long	Ozment	Thompson
Blatz	Haukoos	Lourey	Pauly	Tompkins
Bodahl	Hausman	Lynch	Pellow	Trimble
Boo	Heir	Macklin	Pelowski	Tunheim
Brown	Henry	Mariani	Peterson	Uphus
Carlson	Hufnagle	Marsh	Pugh	Valento
Carruthers	Hugoson	McEachern	Reding	Vellenga
Clark	Jacobs	McGuire	Rest	Wagenius
Cooper	Janezich	McPherson	Rice	Waltman
Dauner	Jaros	Milbert	Rodosovich	Weaver
Davids	Jefferson	Morrison	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek
Farrell	Kalis	O'Connor	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. 894, A bill for an act relating to local government; permitting officers to contract for certain services; amending Minnesota Statutes 1990, section 471.88, by adding subdivisions.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Uphus moved that the House concur in the Senate amendments to H. F. No. 894 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 894, A bill for an act relating to local government; permitting officers to contract for certain services; amending Minnesota Statutes 1990, section 471.88, by adding subdivisions.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kinkel	Ogren	Segal
Anderson, I.	Frerichs	Knickerbocker	Olsen, S.	Simoneau
Anderson, R.	Garcia	Koppendrayer	Olson, K.	Skoglund
Anderson, R. H.	Girard	Krinkie	Omann	Smith
Battaglia	Greenfield	Krueger	Onnen	Solberg
Bauerly	Gruenes	Lasley	Orenstein	Sparby
Beard	Gutknecht	Leppik	Orfield	Stanius
Begich	Hanson	Lieder	Osthoff	Steensma
Bertram	Hartle	Limmer	Ostrom	Sviggum
Bettermann	Hasskamp	Long	Ozment	Swenson
Bishop	Haukoos	Lourey	Pauly	Thompson
Blatz	Hausman	Lynch	Pellow	Tompkins
Bodahl	Heir	Macklin	Pelowski	Trimble
Boo	Henry	Mariani	Peterson	Tunheim
Brown	Hufnagle	Marsh	Pugh	Uphus
Carlson	Jacobs	McEachern	Reding	Valento
Clark	Janezich	McGuire	Rest	Vellenga
Cooper	Jaros	McPherson	Rice	Wagenius
Dauner	Jefferson	Milbert	Rodosovich	Waltman
Davids	Jennings	Morrison	Rukavina	Weaver
Dawkins	Johnson, A.	Munger	Runbeck	Wejcman
Dempsey	Johnson, R.	Murphy	Sarna	Welker
Dille	Johnson, V.	Nelson, K.	Schafer	Welle
Dorn	Kahn	Nelson, S.	Scheid	Wenzel
Erhardt	Kalis	Newinski	Schreiber	Winter
Farrell	Kelso	O'Connor	Seaberg	Spk. Vanasek

Those who voted in the negative were:

Carruthers	Goodno

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. 83, 880, 460, 976, 1129, 1213, 226, 743, 950, 1032, 1235, 240, 406 and 1295.

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. 385, 724, 1027, 84, 800, 998, 1128, 147, 588, 1050, 118, 593, 1019, 1184, 765, 1333, 824, 919, 953, 988 and 1332.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 83, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands bordering public water in Clay and Cottonwood counties.

The bill was read for the first time.

Dauner moved that S. F. No. 83 and H. F. No. 64, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 880, A bill for an act relating to checks; increasing bank verification requirements for opening checking accounts; prohibiting service charges for dishonored checks on persons other than the issuer; regulating check numbering procedures; requiring the commissioner of commerce to adopt rules regarding verification procedure requirements; modifying procedures and liability for civil restitution for holders of worthless checks; authorizing service charges for use of law enforcement agencies; clarifying criminal penalties; increasing information that banks must provide to holders of worthless checks; imposing penalties; amending Minnesota Statutes 1990, sections 48.512, subdivisions 3, 4, 5, 7, and by adding subdivisions; 332.50, subdivisions 1 and 2; and 609.535, subdivisions 2a and 7.

The bill was read for the first time.

Sparby moved that S. F. No. 880 and H. F. No. 1038, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 460, A bill for an act relating to veterans; authorizing the commissioner of veterans affairs to assist certain dependents of military personnel; clarifying the name of the state soldiers' welfare fund; changing certain requirements for appointment of county veterans service officers; containing instructions to the revisor of statutes; amending Minnesota Statutes 1990, sections 196.05; 197.03; and 197.60, subdivision 2, and by adding a subdivision.

The bill was read for the first time.

Frederick moved that S. F. No. 460 and H. F. No. 556, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 976, A bill for an act relating to animals; classifying domestic European ferrets as domestic animals; providing for their health and welfare; proposing coding for new law in Minnesota Statutes, chapter 346.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 1129, A bill for an act relating to water and wastewater treatment; expanding the authority of municipalities to contract for private design and construction of water and wastewater treatment facilities; amending Minnesota Statutes 1990, section 471.371, subdivisions 2, 4, and 5; repealing Minnesota Statutes 1990, section 471.371, subdivisions 1 and 6.

The bill was read for the first time.

Valento moved that S. F. No. 1129 and H. F. No. 1288, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1213, A bill for an act relating to Dakota county; permitting the combination of the offices of treasurer and auditor; permitting appointment of the county recorder; authorizing the reorganization of county offices; proposing coding for new law in Minnesota Statutes, chapter 383D.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 226, A bill for an act relating to human services; consolidating and simplifying county mental health and community social services planning; authorizing the review and reduction of social service administrative requirements; establishing a process for limiting social services due to county fiscal limitations; amending Minnesota Statutes 1990, sections 245.465; 245.466, subdivision 5; 245.478, subdivisions 1, 2, and 6; 245.4874; 245.4875, subdivision 5; 245.4887, subdivisions 1, 2, and 6; 256.045, subdivision 3; 256E.04, subdivision 1; 256E.05, subdivisions 2, 3, 5, and by adding subdivisions; 256E.08, subdivision 1; 256E.09, subdivisions 1, 3, and 6; and 256E.12, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 256E; repealing Minnesota Statutes 1990, sections 245.462, subdivision 15; 245.4871, subdivi-

sion 23; 256B.092, subdivisions 1c and 1d; and 256E.09, subdivisions 4 and 5.

The bill was read for the first time.

Lynch moved that S. F. No. 226 and H. F. No. 826, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 743, A bill for an act relating to state government; requiring the supreme court to prepare fiscal notes in certain circumstances; amending Minnesota Statutes 1990, sections 3.98, subdivision 1; and 3.982.

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

S. F. No. 950, A bill for an act relating to public safety; requiring tenants to covenant not to allow any controlled substances on rental property; allowing the closing of an alleged disorderly house during pretrial release of owner; lowering the threshold amount of seized controlled substance necessary to warrant unlawful detainer action; providing that certain weapons offenses and controlled substance seizures and arrests may form the basis for a nuisance action; amending Minnesota Statutes 1990, sections 504.181, subdivision 1; 609.33, by adding a subdivision; 609.5317, subdivision 4; 617.80, subdivision 8; and 617.81, subdivisions 2 and 3, and by adding a subdivision.

The bill was read for the first time.

Wejcman moved that S. F. No. 950 and H. F. No. 1141, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1032, A bill for an act relating to crimes; increasing the penalty for assaulting a correctional officer; amending Minnesota Statutes 1990, section 609.2231, subdivision 3.

The bill was read for the first time.

Bertram moved that S. F. No. 1032 and H. F. No. 1150, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1235, A bill for an act relating to crimes; missing children; amending restrictions on felony prosecutions for taking,

detaining, or failing to return a child; amending Minnesota Statutes 1990, section 609.26, subdivision 5.

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

S. F. No. 240, A bill for an act relating to counties; providing for the contents and public availability of the county financial statement; clarifying certain publication and notice requirements; amending Minnesota Statutes 1990, sections 279.09; 281.13; and 375.17.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 406, A bill for an act relating to energy; generation of electrical energy; prohibiting the issuance of certificates of need for new nuclear generating plants until the public utilities commission is satisfied that a safe method is available for the permanent disposal of nuclear waste; proposing coding for new law in Minnesota Statutes, chapter 216B.

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

S. F. No. 1295, A bill for an act relating to Ramsey county; creating a Ramsey county local services study commission; setting its duties.

The bill was read for the first time.

Orenstein moved that S. F. No. 1295 and H. F. No. 1515, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 385, A bill for an act relating to metropolitan government; encouraging geographic balance on the metropolitan council; providing for senate confirmation of the chair of the metropolitan airports commission; amending Minnesota Statutes 1990, sections 473.123, subdivision 3; and 473.604, subdivision 1.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 724, A bill for an act relating to housing; repealing annual housing impact reporting and replacement housing require-

ments; repealing Minnesota Statutes 1990, sections 504.33; 504.34; and 504.35.

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

S. F. No. 1027, A bill for an act relating to natural resources; establishing a Minnesota adopt-a-park program; requiring the department of natural resources to report to the legislature on the program; proposing coding for new law in Minnesota Statutes, chapter 85.

The bill was read for the first time.

Johnson, R., moved that S. F. No. 1027 and H. F. No. 1220, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 84, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited land that borders public water in the city of Barnesville in Clay county.

The bill was read for the first time.

Dauner moved that S. F. No. 84 and H. F. No. 65, 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 natural resources; revising certain provisions relating to the taking, possession, and transportation of wild animals; amending Minnesota Statutes 1990, sections 97A.445, subdivision 2; 97A.535, subdivision 1; 97B.055, subdivision 3; 97B.106; and 97B.935, subdivision 3.

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

S. F. No. 998, A bill for an act relating to weights and measures; adopting weights and measures standards recommended by the United States Department of Commerce, National Institute of Standards and Technology; defining the responsibilities, duties, and powers of the division of weights and measures; providing that the division have a director; amending Minnesota Statutes 1990, sections 239.01; 239.02; 239.05; 239.09; proposing coding for new law in Minnesota Statutes, chapter 239; repealing Minnesota Statutes 1990, sections 239.07; 239.08; and 239.37.

The bill was read for the first time.

Farrell moved that S. F. No. 998 and H. F. No. 1264, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1128, A bill for an act relating to insurance; providing for replacement cost insurance coverage for personal property; prohibiting insurers from requiring more than one residential renter's insurance policy be written to cover a single household; amending Minnesota Statutes 1990, section 65A.10; proposing coding for new law in Minnesota Statutes, chapter 65A.

The bill was read for the first time.

Skoglund moved that S. F. No. 1128 and H. F. No. 1517, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 147, A bill for an act relating to charitable organizations; modifying the definitions of registered combined charitable organizations; amending Minnesota Statutes 1990, section 309.501, subdivision 1.

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

S. F. No. 588, A bill for an act relating to crime; providing penalties for intentional damage to timber processing, manufacturing, or transportation equipment; providing penalties for possessing certain devices to damage timber processing, manufacturing, or transportation equipment; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the first time.

Solberg moved that S. F. No. 588 and H. F. No. 647, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1050, A bill for an act relating to agriculture; permitting certain requirements for processing of farmstead cheese; amending Minnesota Statutes 1990, section 32.486, subdivision 1a.

The bill was read for the first time.

Waltman moved that S. F. No. 1050 and H. F. No. 1241, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 118, A bill for an act relating to animals; tightening laws prohibiting cruel treatment of certain animals; increasing certain penalties; amending Minnesota Statutes 1990, sections 343.21, subdivisions 9 and 10; and 346.44; proposing coding for new law in Minnesota Statutes, chapter 343.

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

S. F. No. 593, A bill for an act relating to railroads; authorizing reimbursement by landowners for certain costs; requiring access over railroad right-of-way to adjoining properties; amending Minnesota Statutes 1990, section 219.35.

The bill was read for the first time.

Smith moved that S. F. No. 593 and H. F. No. 612, now on the Technical Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1019, A bill for an act relating to children; modifying child protection system data practices study requirements; amending Laws 1990, chapter 542, section 36.

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

S. F. No. 1184, A bill for an act relating to the environment; conforming permit fee requirements to the federal Clean Air Act; requiring a report; appropriating money; amending Minnesota Statutes 1990, section 116.07, subdivision 4d.

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

S. F. No. 765, A bill for an act relating to transportation; clarifying parking provisions for physically disabled persons; authorizing special license plates for motorcycles; authorizing tinted windshields for medical reasons; abolishing requirement to impound vehicle registration certificates; making technical changes; amending Minnesota Statutes 1990, sections 168.021, subdivision 1; 168.041; 169.123, subdivision 5b; 169.345, subdivision 1; 169.346,

subdivisions 1 and 2; 169.71, subdivision 4; 169.795; and 171.29, subdivision 3.

The bill was read for the first time.

Lynch moved that S. F. No. 765 and H. F. No. 823, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1333, A bill for an act relating to natural resources; amending certain provisions concerned with the management of fish and wildlife; increasing certain license fees; changing watercraft and snowmobile fees; allowing money from the sale of natural resource related merchandise to be credited to certain accounts; removing the refund of angling license fees for senior citizens; allowing the issuance of a deer license during the season under certain conditions; changing state park permit fees; changing eligibility requirements for moose licenses; appropriating money; amending Minnesota Statutes 1990, sections 84.0855; 84.82, subdivisions 2 and 3; 84.944, subdivision 2; 84.96, subdivision 5; 85.053, subdivision 5; 85.055, subdivision 1; 86B.415, subdivisions 1, 2, 3, 4, 5, 6, and 7; 97A.015, subdivision 53; 97A.075, subdivision 2; 97A.325, subdivision 2; 97A.431, subdivision 2; 97A.435, subdivision 2; 97A.475, subdivisions 2, 3, and 7; 97A.485, subdivisions 6, 7, and 9; 97B.601, subdivision 4; 97B.721; and 97B.801; repealing Minnesota Statutes 1990, section 97B.301, subdivision 5.

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

S. F. No. 824, A bill for an act relating to education; clarifying the status of foreign exchange students who have graduated from high school; limiting foreign exchange student participation in the post-secondary enrollment options program; amending Minnesota Statutes 1990, sections 123.3514, subdivision 4; and 124.17, by adding a subdivision.

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

S. F. No. 919, A bill for an act relating to government operations; amending provisions to adopt emergency game and fish rules; providing alternative methods of publishing game and fish rules; deleting obsolete references to publication under the game and fish laws; authorizing the commissioner to protect wild animals by emergency rule; authorizing the commissioner to set seasons and limits for migratory birds and waterfowl; authorizing the commissioner to allow or prohibit hunting and fishing on certain state

lands; amending Minnesota Statutes 1990, sections 3.846, subdivisions 1 and 4; 14.03, subdivision 3; 14.29, subdivision 2, and by adding a subdivision; 14.38, subdivision 6; 84.944, subdivision 1; 84A.02; 86A.06; 86B.211; 97A.045, subdivision 2; 97A.051, subdivisions 1, 2, and 4; 97A.081; 97A.141, by adding a subdivision; 97B.731, subdivision 1; and 97C.805, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 97A and 97B.

The bill was read for the first time.

Weaver moved that S. F. No. 919 and H. F. No. 1234, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 953, A bill for an act relating to courts; providing for fees for law libraries; amending Minnesota Statutes 1990, section 134A.09, by adding a subdivision.

The bill was read for the first time.

Knickerbocker moved that S. F. No. 953 and H. F. No. 1003, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 988, A bill for an act relating to public employees; excluding the salaries of doctors of osteopathy from certain limitations; amending Minnesota Statutes 1990, section 43A.17, subdivision 9.

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

S. F. No. 1332, A resolution memorializing Congress to carefully consider the proposed free trade agreement with Mexico.

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

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Long, from the Committee on Rules and Legislative Administration, pursuant to rule 1.09, designated the following bills as Special Orders to be acted upon immediately following Special Orders pending for today, Tuesday, April 30, 1991:

H. F. Nos. 1208, 813, 1054, 994, 571, 317, 767, 922, 1050, 1121, 289, 1326, 577, 1415, 1013, 1125, 1269 and 1592; S. F. No. 231; and H. F. Nos. 564, 1127, 826 and 378.

SPECIAL ORDERS

H. F. No. 997 was reported to the House.

Orenstein moved that H. F. No. 997 be continued on Special Orders. The motion prevailed.

H. F. No. 478 was reported to the House.

Osthoff, Scheid, Solberg, Abrams and Knickerbocker moved to amend H. F. No. 478, the first engrossment, as follows:

Page 5, after line 33, insert:

"Sec. 9. Minnesota Statutes 1990, section 203B.02, is amended by adding a subdivision to read:

Subd. 1a. [EXPERIMENTAL PROCEDURES.] A county board may authorize any eligible voter in the county to vote by absentee ballot without qualification by submitting a written request to the county auditor between August 1, 1991 and November 30, 1992, notwithstanding the provisions of subdivision 1. The county auditor shall notify the secretary of state immediately after the adoption of such a resolution of authorization by the county board.

The application for absentee ballots must include the voter's name, residence address in the county, address to which the ballots are to be mailed, the date of the request, and the voter's signature.

The county auditor shall maintain a record of the number of applications for absentee ballots submitted under this subdivision. No later than January 15, 1993, the secretary of state shall prepare a report to the legislature on the implementation of this subdivision.

Assistance to voters in marking absentee ballots is subject to section 204C.15, subdivision 1."

Page 9, after line 9, insert:

"Sec. 16. Minnesota Statutes 1990, section 204B.45, is amended by adding a subdivision to read:

Subd. 1a. [EXPERIMENTAL MAIL BALLOTING; AUTHORIZA-

TION.] The secretary of state may authorize Ramsey and Kittson counties to conduct elections entirely by mail on an experimental basis. A request from a county board seeking authorization to conduct an experimental mail election must be submitted to the secretary of state at least 90 days prior to the election. The county auditor must pay all costs related to mailing the ballots to and from the voters.

The secretary of state shall prepare a report to the legislature on the implementation of this subdivision by January 15, 1993."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Henry moved to amend H. F. No. 478, the first engrossment, as amended, as follows:

Page 11, after line 25, insert:

"Sec. 20. Minnesota Statutes 1990, section 205A.04, is amended to read:

205A.04 [GENERAL ELECTION.]

Subdivision 1. [SCHOOL DISTRICT GENERAL ELECTION.] Except as may be provided in a special law or charter provision to the contrary, the general election in each school district must be held on the third Tuesday in May, unless the school board provides by resolution for holding the school district general election on the first Tuesday after the first Monday in November. When the time of a school district's general election is changed from May to November, the terms of all board members shall be lengthened to expire on January 1; when the time of a school district's general election is changed from November to May, the terms of all board members shall be shortened to expire on July 1. Whenever the time of a school district election is changed, the school district clerk shall immediately notify in writing the county auditor or auditors of the counties in which the school district is located and the secretary of state of the change of date.

Subd. 2. [EXPERIMENTAL ELECTION; AUTHORIZATION.] The school board in independent school district No. 271 may, by resolution, designate the first Tuesday after the first Monday in

November of either the odd-numbered or the even-numbered year as the date for its general election, and may reduce the existing terms of school board members to provide for staggered four-year terms thereafter. The resolution shall provide that, to the extent mathematically possible, the same number of board members is chosen at each election, exclusive of those chosen to fill vacancies for unexpired terms. Whenever the year of a school district election is changed, the school district clerk shall immediately notify in writing the county auditors of Hennepin and Scott counties and the secretary of state of the change of date. The secretary of state shall report to the legislature by January 15, 1993, on the implementation of this subdivision."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Kinkel moved to amend H. F. No. 478, the first engrossment, as amended, as follows:

Pages 1 to 2, delete section 1 and insert:

"Section 1. Minnesota Statutes 1990, section 97A.485, subdivision 1a, is amended to read:

Subd. 1a. [DEER LICENSE; ABSENTEE BALLOT APPLICATION.] The commissioner or any authorized agent shall ~~include with every license~~ ask every person purchasing a license to take deer with firearms or by archery, ~~sold or issued~~ during a general election year, if the person wants an application for an absentee ~~ballots and a voter registration card~~ ballot. The commissioner shall obtain absentee ballot application forms from the secretary of state."

The motion prevailed and the amendment was adopted.

H. F. No. 478, A bill for an act relating to elections; changing requirement of absentee ballot applications for deer hunters; facilitating voting by certain students; defining certain terms; providing for use of certain facilities for elections; clarifying uses to be made of lists of registered voters; requiring commissioner of health to report deaths to secretary of state; authorizing facsimile applications for absentee ballots; authorizing certain experimental procedures for absentee ballots and mail balloting; requiring notarized affidavits of candidacy; providing for voting methods in combined local elections; providing order of counting gray box ballots; changing time for

issuance of certificates of election; clarifying effect of changing the year of municipal elections; changing certain deadlines; authorizing an experimental school board election; changing procedures for hospital district elections; amending Minnesota Statutes 1990, sections 97A.485, subdivision 1a; 200.02, by adding a subdivision; 201.061, subdivision 3; 201.091, subdivisions 1 and 4; 201.13, subdivision 1; 203B.02, by adding a subdivision; 203B.04, subdivision 1; 204B.09, subdivision 1; 204B.16, subdivision 6, and by adding a subdivision; 204B.32; 204B.35, by adding a subdivision; 204B.45, by adding a subdivision; 204C.19, subdivision 2; 204C.40, subdivision 2; 205.07, subdivision 1, and by adding a subdivision; 205.16, subdivision 4; 205A.04; 205A.07, subdivision 3; and 447.32, subdivisions 2, 3, and 4; proposing coding for new law in Minnesota Statutes, chapters 135A and 201.

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:

Abrams	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Smith
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Solberg
Battaglia	Goodno	Krinkie	Omann	Sparby
Bauerly	Greenfield	Krueger	Onnen	Stanius
Beard	Gruenes	Lasley	Orenstein	Steensma
Begich	Gutknecht	Leppik	Orfield	Sviggum
Bertram	Hanson	Lieder	Osthoff	Swenson
Bettermann	Hartle	Limmer	Ostrom	Thompson
Bishop	Hasskamp	Long	Ozment	Tompkins
Blatz	Haukoos	Lourey	Pauly	Trimble
Bodahl	Hausman	Lynch	Pellow	Tunheim
Boo	Heir	Macklin	Pelowski	Uphus
Brown	Henry	Mariani	Peterson	Valento
Carlson	Hufnagle	Marsh	Pugh	Vellenga
Carruthers	Hugoson	McEachern	Reding	Wagenius
Clark	Jacobs	McGuire	Rest	Waltman
Cooper	Janezich	McPherson	Rodosovich	Weaver
Dauner	Jaros	Milbert	Rukavina	Wejcman
Davids	Jefferson	Morrison	Runbeck	Welker
Dawkins	Jennings	Munger	Sarna	Welle
Dempsey	Johnson, A.	Murphy	Schafer	Wenzel
Dille	Johnson, R.	Nelson, K.	Scheid	Winter
Dorn	Johnson, V.	Nelson, S.	Schreiber	Spk. Vanasek
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

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

S. F. No. 328 was reported to the House.

Skoglund moved that S. F. No. 328 be continued on Special Orders. The motion prevailed.

H. F. No. 1208, A bill for an act relating to game and fish; extending the date by which fish houses and dark houses must be removed from certain state waters; amending Minnesota Statutes 1990, section 97C.355, 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 133 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Smith
Anderson, R. H.	Girard	Koppendrayer	Omann	Solberg
Battaglia	Goodno	Krinkie	Onnen	Sparby
Bauerly	Greenfield	Krueger	Orenstein	Stanius
Beard	Gruenes	Lasley	Orfield	Steensma
Begich	Gutknecht	Leppik	Osthoff	Sviggum
Bertram	Hanson	Lieder	Ostrom	Swenson
Bettermann	Hartle	Limmer	Ozment	Thompson
Bishop	Hasskamp	Long	Pauly	Tompkins
Blatz	Haukoos	Lourey	Pellow	Trimble
Bodahl	Hausman	Lynch	Pelowski	Tunheim
Boo	Heir	Macklin	Peterson	Uphus
Brown	Henry	Mariani	Pugh	Valento
Carlson	Hufnagle	Marsh	Reding	Vellenga
Carruthers	Hugoson	McEachern	Rest	Wagenius
Clark	Jacobs	McGuire	Rice	Waltman
Cooper	Janezich	McPherson	Rodosovich	Weaver
Dauner	Jaros	Milbert	Rukavina	Wejcman
Davids	Jefferson	Morrison	Runbeck	Welker
Dawkins	Jennings	Munger	Sarna	Welle
Dempsey	Johnson, A.	Murphy	Schafer	Wenzel
Dille	Johnson, R.	Nelson, K.	Scheid	Winter
Dorn	Johnson, V.	Nelson, S.	Schreiber	Spk. Vanasek
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

Those who voted in the negative were:

Olson, K.

The bill was passed and its title agreed to.

H. F. No. 813, A bill for an act relating to retirement; Minneapolis police relief association; adding a surviving spouse board member; changing board membership; providing for a phase-out of the board; amending Laws 1949, chapter 406, section 4, subdivisions 2 and 3, as amended; section 6, subdivision 3, as amended; Laws 1953, chapter 127, section 1, by adding a subdivision; Laws 1965, chapter 493, section 3, as amended.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, I.	Garcia	Knickerbocker	Olson, E.	Skoglund
Anderson, R.	Girard	Koppendrayer	Olson, K.	Smith
Anderson, R. H.	Goodno	Krinkie	Omann	Solberg
Battaglia	Greenfield	Krueger	Onnen	Sparby
Bauerly	Gruenes	Lasley	Orenstein	Stanius
Beard	Gutknecht	Leppik	Orfield	Steensma
Begich	Hanson	Lieder	Osthoff	Sviggum
Bertram	Hartle	Limmer	Ostrom	Swenson
Bettermann	Hasskamp	Long	Ozment	Thompson
Bishop	Haukoos	Lourey	Pauly	Tompkins
Blatz	Hausman	Lynch	Pellow	Trimble
Bodahl	Heir	Macklin	Pelowski	Tunheim
Boo	Henry	Mariani	Peterson	Uphus
Brown	Hufnagle	Marsh	Pugh	Valento
Carlson	Hugoson	McEachern	Reding	Vellenga
Carruthers	Jacobs	McGuire	Rest	Wagenius
Clark	Janezich	McPherson	Rice	Waltman
Cooper	Jaros	Milbert	Rodosovich	Weaver
Dauner	Jefferson	Morrison	Rukavina	Wejcman
Davids	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek
Farrell	Kalis	O'Connor	Seaberg	
Frederick	Kelso	Ogren	Segal	

The bill was passed and its title agreed to.

H. F. No. 1054 was reported to the House.

Welker moved that H. F. No. 1054 be temporarily laid over on Special Orders. The motion prevailed.

H. F. No. 994 was reported to the House.

Rukavina moved that H. F. No. 994 be continued on Special Orders. The motion prevailed.

H. F. No. 1054 which was temporarily laid over earlier today was again reported to the House.

H. F. No. 1054, A bill for an act relating to retirement; teachers retirement association; permitting purchases of prior services by certain employees for periods of leave.

The bill was read for 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:

Abrams	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, I.	Garcia	Knickerbocker	Olson, E.	Skoglund
Anderson, R.	Girard	Koppendrayer	Olson, K.	Smith
Anderson, R. H.	Goodno	Krinkie	Omann	Solberg
Battaglia	Greenfield	Krueger	Onnen	Sparby
Bauerly	Gruenes	Lasley	Orenstein	Stanius
Beard	Gutknecht	Leppik	Orfield	Steensma
Begich	Hanson	Lieder	Osthoff	Sviggum
Bertram	Hartle	Limmer	Ostrom	Swenson
Bettermann	Hasskamp	Long	Ozment	Thompson
Bishop	Haukoos	Lourey	Pauly	Tompkins
Blatz	Hausman	Lynch	Pellow	Trimble
Bodahl	Heir	Macklin	Pelowski	Tunheim
Boo	Henry	Mariani	Peterson	Uphus
Carlson	Hufnagle	Marsh	Pugh	Valento
Carruthers	Hugoson	McEachern	Reding	Vellenga
Clark	Jacobs	McGuire	Rest	Wagenius
Cooper	Janezich	McPherson	Rice	Waltman
Dauner	Jaros	Milbert	Rodosovich	Weaver
Davids	Jefferson	Morrison	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek
Farrell	Kalis	O'Connor	Seaberg	
Frederick	Kelso	Ogren	Segal	

The bill was passed and its title agreed to.

H. F. No. 571, A bill for an act relating to retirement; Minneapolis municipal employees; making various changes reflecting benefits, administration, and investment practices of the Minneapolis employees retirement fund; amending Minnesota Statutes 1990, sections 11A.24, subdivision 1; 356.71; 422A.03, subdivision 1; 422A.05, subdivision 2c; 422A.09, subdivision 3; 422A.13, subdivision 2; and 422A.16, 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 134 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Begich	Brown	Dawkins	Frerichs
Anderson, I.	Bertram	Carlson	Dempsey	Garcia
Anderson, R.	Bettermann	Carruthers	Dille	Girard
Anderson, R. H.	Bishop	Clark	Dorn	Goodno
Battaglia	Blatz	Cooper	Erhardt	Greenfield
Bauerly	Bodahl	Dauner	Farrell	Gruenes
Beard	Boo	Davids	Frederick	Gutknecht

Hanson	Kinkel	Munger	Peterson	Steensma
Hartle	Knickerbocker	Murphy	Pugh	Sviggum
Hasskamp	Koppendrayer	Nelson, K.	Reding	Swenson
Haukoos	Krinkie	Nelson, S.	Rest	Thompson
Hausman	Krueger	Newinski	Rice	Tompkins
Heir	Lasley	O'Connor	Rodosovich	Trimble
Henry	Leppik	Ogren	Rukavina	Tunheim
Hufnagle	Lieder	Olsen, S.	Runbeck	Uphus
Hugoson	Limmer	Olson, E.	Sarna	Valento
Jacobs	Long	Olson, K.	Schafer	Vellenga
Janezich	Lourey	Omann	Scheid	Wagenius
Jaros	Lynch	Onnen	Schreiber	Waltman
Jefferson	Macklin	Orenstein	Seaberg	Weaver
Jennings	Mariani	Orfield	Segal	Wejcman
Johnson, A.	Marsh	Osthoff	Simoneau	Welker
Johnson, R.	McEachern	Ostrom	Skoglund	Welle
Johnson, V.	McGuire	Ozment	Smith	Wenzel
Kahn	McPherson	Pauly	Solberg	Winter
Kalis	Milbert	Pellow	Sparby	Spk. Vanasek
Kelso	Morrison	Pelowski	Stanius	

The bill was passed and its title agreed to.

H. F. No. 317, A bill for an act relating to marriage dissolution; clarifying procedure for modification of certain custody orders; providing for additional child support payments; providing an alternative form of satisfaction of child support obligation; imposing a fiduciary duty and providing for compensation in cases of breach of that duty; clarifying certain mediation procedures; providing for attorneys' fees in certain cases; clarifying language concerning certain motions; imposing penalties; amending Minnesota Statutes 1990, sections 518.18; 518.551, subdivision 5; 518.57, by adding a subdivision; 518.58, subdivision 1, and by adding a subdivision; 518.619, subdivision 6; 518.64, subdivision 2; and 518.641, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 518.

The bill was read for 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:

Abrams	Boo	Farrell	Hausman	Kalis
Anderson, I.	Brown	Frederick	Heir	Kelso
Anderson, R.	Carlson	Frerichs	Henry	Kinkel
Anderson, R. H.	Carruthers	Garcia	Hufnagle	Knickerbocker
Battaglia	Clark	Girard	Hugoson	Koppendrayer
Bauerly	Cooper	Goodno	Jacobs	Krinkie
Beard	Dauner	Greenfield	Janezich	Krueger
Begich	Davids	Gruenes	Jaros	Lasley
Bertram	Dawkins	Gutknecht	Jennings	Leppik
Bettermann	Dempsey	Hanson	Johnson, A.	Lieder
Bishop	Dille	Hartle	Johnson, R.	Limmer
Blatz	Dorn	Hasskamp	Johnson, V.	Long
Bodahl	Erhardt	Haukoos	Kahn	Lourey

Lynch	O'Connor	Pelowski	Segal	Uphus
Macklin	Ogren	Peterson	Simoneau	Valento
Mariani	Olsen, S.	Pugh	Skoglund	Vellenga
Marsh	Olson, E.	Reding	Smith	Wagenius
McEachern	Olson, K.	Rest	Solberg	Waltman
McGuire	Omann	Rice	Sparby	Weaver
McPherson	Onnen	Rodosovich	Stanius	Wejcman
Milbert	Orenstein	Rukavina	Steensma	Welker
Morrison	Orfield	Runbeck	Sviggum	Welle
Munger	Osthoff	Sarna	Swenson	Wenzel
Murphy	Ostrom	Schafer	Thompson	Winter
Nelson, K.	Ozment	Scheid	Tompkins	Spk. Vanasek
Nelson, S.	Pauly	Schreiber	Trimble	
Newinski	Pellow	Seaberg	Tunheim	

The bill was passed and its title agreed to.

H. F. No. 767 was reported to the House.

McGuire moved that H. F. No. 767 be temporarily laid over on Special Orders. The motion prevailed.

H. F. No. 922 was reported to the House.

Macklin moved to amend H. F. No. 922, the first engrossment, as follows:

Page 2, after line 32, insert:

"Subd. 5. [WITNESSES; IMMUNITY FROM CIVIL LIABILITY.] Any person who is subject to the duty imposed by subdivision 3 who, without compensation or expectation of compensation, renders assistance to the injured person, is not liable for any civil damages as a result of acts or omissions by that person in rendering the assistance unless that person acts in a willful and wanton or reckless manner in rendering the assistance. Any person who is subject to the duty imposed by subdivision 3 who renders assistance during the course of regular employment and receives compensation or expects to receive compensation for rendering the assistance, shall be excluded from the protection of this subdivision."

Page 2, line 33, delete "5" and insert "6"

Amend the title as follows:

Page 1, line 4, after the second semicolon, insert "providing immunity from civil liability under certain circumstances;"

The motion prevailed and the amendment was adopted.

H. F. No. 922, A bill for an act relating to crimes; imposing a duty to investigate and render aid when a person is injured in a shooting accident; imposing penalties; providing immunity from civil liability under certain circumstances; 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Olsen, S.	Skoglund
Anderson, I.	Frerichs	Kinkel	Olson, E.	Smith
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Solberg
Anderson, R. H.	Girard	Koppendrayer	Omann	Sparby
Battaglia	Goodno	Krinkie	Onnen	Stanius
Bauerly	Greenfield	Krueger	Orenstein	Steensma
Beard	Gruenes	Lasley	Orfield	Sviggum
Begich	Gutknecht	Leppik	Osthoff	Swenson
Bertram	Hanson	Lieder	Ostrom	Thompson
Bettermann	Hartle	Limmer	Ozment	Tompkins
Bishop	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McPherson	Rodosovich	Weaver
Cooper	Janezich	Milbert	Rukavina	Wejcman
Dauner	Jaros	Morrison	Runbeck	Welker
Davids	Jefferson	Munger	Sarna	Welle
Dawkins	Jennings	Murphy	Schafer	Wenzel
Dempsey	Johnson, A.	Nelson, K.	Scheid	Winter
Dille	Johnson, R.	Nelson, S.	Schreiber	Spk. Vanasek
Dorn	Johnson, V.	Newinski	Seaberg	
Erhardt	Kahn	O'Connor	Segal	
Farrell	Kalis	Ogren	Simoneau	

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

The Speaker resumed the Chair.

H. F. No. 1050 was reported to the House.

Orfield moved that H. F. No. 1050 be continued on Special Orders. The motion prevailed.

Long moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Long moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Stanius moved that S. F. No. 800 be recalled from the Committee on Environment and Natural Resources and together with H. F. No. 1121, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

ADJOURNMENT

Long moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Wednesday, May 1, 1991.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1991

FORTY-FOURTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MAY 1, 1991

The House of Representatives convened at 2:30 p.m. and was called to order by *Robert* E. Vanasek, Speaker of the House.

Prayer was offered by Monsignor James D. Habiger, House Chaplain.

The roll was called and the following members were present:

Abrams	Frerichs	Kinkel	Olson, E.	Skoglund
Anderson, I.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R.	Girard	Koppendrayer	Omann	Solberg
Anderson, R. H.	Goodno	Krinkie	Onnen	Sparby
Battaglia	Greenfield	Krueger	Orenstein	Stanius
Bauerly	Gruenes	Lasley	Orfield	Steensma
Beard	Gutknecht	Leppik	Osthoff	Sviggum
Begich	Hanson	Lieder	Ostrom	Swenson
Bertram	Hartle	Limmer	Ozment	Thompson
Bettermann	Hasskamp	Long	Pauly	Tompkins
Bishop	Haukoos	Lourey	Pellow	Trimble
Blatz	Hausman	Lynch	Pelowski	Tunheim
Bodahl	Heir	Mariani	Peterson	Uphus
Boo	Henry	Marsh	Pugh	Valento
Brown	Hufnagle	McEachern	Reding	Vellenga
Carlson	Hugoson	McGuire	Rest	Wagenius
Carruthers	Jacobs	McPherson	Rice	Waltman
Cooper	Janezich	Milbert	Rodosovich	Weaver
Dauner	Jaros	Morrison	Rukavina	Wejcman
Davids	Jefferson	Munger	Runbeck	Welker
Dawkins	Jennings	Murphy	Sarna	Welle
Dempsey	Johnson, A.	Nelson, K.	Schafer	Wenzel
Dille	Johnson, R.	Nelson, S.	Scheid	Winter
Dorn	Johnson, V.	Newinski	Schreiber	Spk. Vanasek
Erhardt	Kahn	O'Connor	Seaberg	
Farrell	Kalis	*Ogren*	Segal	
Frederick	Kelso	Olsen, S.	Simoneau	

A quorum was present.

Macklin was excused until 3:25 p.m. Clark was excused until 6:30 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Hanson 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

S. F. No. 83 and H. F. No. 64, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Dauner moved that the rules be so far suspended that S. F. No. 83 be substituted for H. F. No. 64 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 84 and H. F. No. 65, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Dauner moved that S. F. No. 84 be substituted for H. F. No. 65 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 226 and H. F. No. 826, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Lynch moved that the rules be so far suspended that S. F. No. 226 be substituted for H. F. No. 826 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 460 and H. F. No. 556, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Frederick moved that the rules be so far suspended that S. F. No. 460 be substituted for H. F. No. 556 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 588 and H. F. No. 647, which had been referred to the

Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Solberg moved that the rules be so far suspended that S. F. No. 588 be substituted for H. F. No. 647 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 593 and H. F. No. 612, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Smith moved that the rules be so far suspended that S. F. No. 593 be substituted for H. F. No. 612 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 765 and H. F. No. 823, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Lynch moved that the rules be so far suspended that S. F. No. 765 be substituted for H. F. No. 823 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 800 and H. F. No. 1121, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Stanius moved that the rules be so far suspended that S. F. No. 800 be substituted for H. F. No. 1121 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 880 and H. F. No. 1038, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Sparby moved that the rules be so far suspended that S. F. No. 880

be substituted for H. F. No. 1038 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 919 and H. F. No. 1234, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Weaver moved that S. F. No. 919 be substituted for H. F. No. 1234 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 950 and H. F. No. 1141, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Wejcman moved that the rules be so far suspended that S. F. No. 950 be substituted for H. F. No. 1141 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 953 and H. F. No. 1003, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Knickerbocker moved that the rules be so far suspended that S. F. No. 953 be substituted for H. F. No. 1003 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 998 and H. F. No. 1264, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Farrell moved that the rules be so far suspended that S. F. No. 998 be substituted for H. F. No. 1264 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1027 and H. F. No. 1220, which had been referred to the

Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Johnson, R., moved that the rules be so far suspended that S. F. No. 1027 be substituted for H. F. No. 1220 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1032 and H. F. No. 1150, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Bertram moved that S. F. No. 1032 be substituted for H. F. No. 1150 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1050 and H. F. No. 1241, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Waltman moved that the rules be so far suspended that S. F. No. 1050 be substituted for H. F. No. 1241 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1128 and H. F. No. 1517, 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. 1128 be substituted for H. F. No. 1517 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1129 and H. F. No. 1288, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Valento moved that S. F. No. 1129 be substituted for H. F. No. 1288 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1295 and H. F. No. 1515, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Orenstein moved that the rules be so far suspended that S. F. No. 1295 be substituted for H. F. No. 1515 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 493, A bill for an act relating to dairy inspection fees; limiting the charge for on-farm inspections to 40 percent of average inspection costs; imposing a fee on certain milk and milk products; requiring reports and continued levels of dairy farm inspections; amending Minnesota Statutes 1990, section 32.394, subdivisions 8, 8b, 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. [ENVIRONMENT AND NATURAL RESOURCES; 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 "1991," "1992," and "1993," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1991, June 30, 1992, or June 30, 1993, respectively.

SUMMARY BY FUND

	1992	1993	TOTAL
General	$142,880,500	$140,594,500	$283,475,000
Environmental	15,584,000	17,835,000	33,419,000
Metro Landfill Contingency Trust	1,663,000	797,000	2,460,000
Special Revenue	1,040,000	1,040,000	2,080,000
Natural Resources	17,842,000	17,634,000	35,476,000
Game and Fish	49,402,000	50,564,000	99,966,000
Permanent School Trust	267,000	363,000	630,000
Minnesota Resources	16,569,000	.....	16,569,000
Environmental Trust	15,360,000	.....	15,360,000
Oil Overcharge	3,500,000	.....	3,500,000
TOTAL	264,107,500	228,827,500	492,935,000

	APPROPRIATIONS Available for the Year Ending June 30 1992	1993
Sec. 2. POLLUTION CONTROL AGENCY		
Subdivision 1. Total Appropriation	30,790,000	30,068,000

	1992	1993
Approved Complement –	702	690
General –	206	176
Environmental –	186	204
Federal –	235	235
Metro Landfill Contingency –	2	2
Special Revenue –	73	73

	1992	1993
	$	$
Summary by Fund		
General	12,818,000	10,711,000
Environmental	15,454,000	17,705,000
Metro Landfill Contingency	1,663,000	797,000
Special Revenue	855,000	855,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Water Pollution Control

6,992,000	5,508,000

Summary by Fund		
General	5,105,000	3,553,000
Environmental	1,887,000	1,955,000

$1,190,000 the first year is for grants to local units of government for the clean water partnership program. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

$100,000 the first year is for grants to municipalities who have experienced catastrophic failure of wastewater treatment facilities resulting from unstable geological formations and which required immediate action to avoid impacts to drinking water supplies.

$250,000 the first year is for a grant to the Western Lake Sanitary Sewer District for the payment of debt service.

Subd. 3. Air Pollution Control

4,562,000	5,801,000

Summary by Fund		
General	1,699,000	940,000
Environmental	2,008,000	4,006,000
Special Revenue	855,000	855,000

	1992	1993
	$	$
Subd. 4. Groundwater and Solid Waste Pollution Control		
	10,038,000	9,366,000

Summary by Fund

General	2,124,000	2,313,000
Environmental	6,259,000	6,264,000
Metro Landfill Contingency	1,655,000	789,000

All money in the environmental response, compensation, and compliance account in the environmental fund not otherwise appropriated is appropriated to the commissioner of finance for transfer to the pollution control agency and the commissioner of agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (4), (11), (12), and (13). This appropriation is available until June 30, 1993.

$1,000,000 the first year and $1,000,000 the second year are appropriated from the motor vehicle transfer account for transfer to the environmental response, compensation, and compliance account in the environmental fund.

The commissioner, in cooperation with the legislative commission on waste management and other affected parties shall study and submit a report to the legislative commission on waste management identifying and evaluating options for ensuring the long-term financial viability of the Minnesota environmental, response, compensation, and compliance account (superfund) by November 1, 1991. The commission shall evaluate the report and make recommendations to the chairs of the house appropriations and senate finance committees for implementation of a long-term funding strategy by February 1, 1992.

	1992	1993
	$	$

All money in the metropolitan landfill abatement account in the environmental 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 action trust fund remaining in the first year does not cancel but is available for the second year.

$92,000 the first year and $127,000 the second year is for a grant to the department of administration for assistance in funding a central materials recovery facility if such a facility is constructed by the department of administration.

Subd. 5. Hazardous Waste Pollution Control

	4,993,000	5,095,000
Summary by Fund		
General	1,786,000	1,782,000
Environmental	3,207,000	3,313,000

Subd. 6. Regional Support Environmental

	52,000	52,000

The commissioner shall prepare a study on regionalization for presentation to the chairs of the house and senate committees on governmental operations, the house appropriations

	1992	1993
	$	$
committee and the senate finance committee by January 1, 1992. The study shall identify options and costs associated with relocating specific agency functions to locations other than the agency's central office. The report shall identify the specific functions that would be relocated, the rationale used for selecting these specific functions for relocation, the geographic areas of the state that would receive these functions, the numbers of personnel involved in the relocation, the impact on service to the public of the proposed relocations, an implementation strategy for the proposed plan and the costs associated with the regionalization of these functions in comparison to the savings, if any, accrued from the relocation.		
Subd. 7. General Support	5,250,000	5,343,000
Summary by Fund		
General	2,104,000	2,123,000
Environmental	2,041,000	2,115,000
Metro Landfill Contingency	8,000	8,000
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.		
Sec. 3. OFFICE OF WASTE MANAGEMENT	20,533,000	20,525,000

		1992	1993
		$	$
	1992	1993	
Approved Complement –	54	54	
General –	47	47	
Bond Proceeds –	3	3	
Environmental –	3	3	
Federal –	1	1	
Summary by Fund			
General		19,686,000	19,678,000
Environmental		847,000	847,000

$14,008,000 the first year and $14,008,000 the second year are for SCORE block grants to counties.

The director, in cooperation with the pollution control agency and the legislative commission on waste management shall study mechanisms for assessing the costs of waste disposal to the source of particular types of waste based on the impact that the particular waste has on the waste stream and the environment. The study should develop recommendations for a fee structure and identify the costs associated with implementing a fee structure for disposal based on the type of waste being disposed. A report shall be submitted to the legislative commission on waste management for consideration by January 1992.

Sec. 4. ZOOLOGICAL BOARD		8,971,000	8,826,000
	1992	1993	
Approved Complement –	159	159	
General –	141	141	
Special Revenue –	15	15	
Gift –	3	3	

$125,000 in the first year is for major maintenance. In addition, any revenue

	1992	1993
	$	$

received from the proposed bird amphitheater admissions sales during the second year of the biennium beyond the first $400,000 in revenue from this particular revenue source is available for use by the board for major maintenance until expended.

The board shall adopt a system for charging nonresident visitors parking fees on days when the zoo is open to the public without an admission fee.

Sec. 5. NATURAL RESOURCES

Subdivision 1. Total Appropriation	145,191,000	146,284,000

	1992	1993
Agency Approved - Full-Time Equivalency	2,736	2,741

Summary by Fund

General	77,680,000	77,723,000
Game and Fish	49,402,000	50,564,000
Natural Resources	17,842,000	17,634,000
Permanent School	267,000	363,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Of the total amount appropriated to the commissioner by this act, no more than $98,200,000 the first year and $97,800,000 the second year may be used for salary related expenses unless adjusted in accordance with the provisions of Minnesota Statutes, section 16A.123, subdivision 5.

Subd. 2. Mineral Resources Management	5,295,000	5,272,000
(a) Mineral Resources	4,852,000	4,829,000

	1992	1993
	$	$

$325,000 the first year and $325,000 the second year are for iron ore cooperative 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.

$844,000 the first year and $826,000 the second year are for mineral diversification. Any unencumbered balance remaining in the first year does not cancel but is available for the second year. The commissioner is authorized one complement position in the unclassified service from the mineral lease account.

(b) Mineland Reclamation

443,000 443,000

Subd. 3. Water Resources Management

8,356,000 7,965,000

Summary by Fund

General	8,259,000	7,866,000
Natural Resources	97,000	99,000

$1,107,000 the first year and $1,106,000 the second year are available for shoreland management grants to include $125,000 each year of the biennium for a grant to the North Shore Management Board. Pursuant to existing law and department rules, the metropolitan area shall be considered in distribution of these funds. The unencumbered balance at the end of the first year does not cancel and is available for the second year.

$75,000 the first year and $75,000 the second year is to conduct the stream maintenance program under Minne-

	1992	1993
	$	$

sota Statutes, section 103G.701. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

$70,000 the first year is available for flood damage reduction grants to the Gilmore Creek and United States Corps of Engineers contract for hydraulic modeling in the Red River Valley.

$10,000 the first year is available for stream stabilization on the Snake River.

$300,000 of this appropriation in the first year is from the general fund for a loan to the city of Fridley for the purpose of reconstructing the Locke Lake dam pursuant to Minnesota Statutes, section 103G.511, subdivision 10. Notwithstanding Minnesota Statutes, section 103G.511, subdivision 10, clause (e), principal and interest payments received by the commissioner of finance in repayment of the loan shall be deposited in the general fund.

Subd. 4. Forest Management

23,130,000	23,286,000

$750,000 the first year and $750,000 the second year are for emergency fire fighting. Of this amount, $500,000 the first year and $550,000 the second year are for presuppression costs of 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. If these appropriations are insufficient to cover all costs of suppression, the amount necessary to pay for emergency firefighting expenses during the biennium is appropriated from the general fund.

	1992	1993
	$	$

$343,000 the first year and $343,000 the second year are for grants to the University of Minnesota College of Natural Resources for hybrid aspen and hybrid larch research and development at the North Central Experiment Station at Grand Rapids.

$80,000 the first year and $80,000 the second year from the general fund under Minnesota Statutes, section 89.04, are for grants to the board of water and soil resources for cost-sharing with landowners in the state forest improvement program.

Subd. 5. Parks and Recreation Management

18,926,000 19,278,000

Summary by Fund

General	18,342,000	18,689,000
Natural Resources	584,000	589,000

$584,000 the first year and $589,000 the second year are from the water recreation account in the natural resources fund for state park development projects. If the appropriation in either year is insufficient, the appropriation for the other year is available for it.

The commissioner shall operate pumping facilities at Hill Annex Mine state park sufficient to maintain a water level not to exceed the height of the area known as "pocket A" for the duration of the biennium to assess the pumping and operational costs associated with maintaining this water level. The commissioner shall report the projected pumping and operational costs of maintaining this level to the legislature no later than January 1, 1993.

$60,000 and three full-time equivalent positions the first year and $60,000 and

	1992	1993
	$	$

three full-time equivalent positions the second year are for an increase in the state park planning effort.

Subd. 6. Trails and Waterways

10,993,000 11,095,000

Summary by Fund

General	1,229,000	1,227,000
Game and Fish	750,000	770,000
Natural Resources	9,014,000	9,098,000

$2,248,000 the first year and $2,248,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for snowmobile grants-in-aid.

$250,000 the first year and $250,000 the second year are from the water recreation account in the natural resources fund for a safe harbor program on Lake Superior. Any unencumbered balance at the end of the first year does not cancel and is available for the second year.

The commissioner shall submit recommendations to the legislature before January 1, 1992, concerning the snowmobile account, its continuing viability, and the grants made to local governments from the snowmobile account for grants-in-aid trail operations and maintenance equipment. The recommendations should address, at a minimum, ways to ensure funding for trail-grooming equipment and the appropriateness of the present formula dedicating a share of the unrefunded gas tax to the snowmobile account.

Subd. 7. Fish and Wildlife Management

35,706,000 36,614,000

	1992	1993
	$	$
Summary by Fund		
General	2,740,000	2,733,000
Game and Fish	31,061,000	31,728,000
Natural Resources	1,905,000	2,153,000

$847,000 in the first year and $847,000 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.

$1,467,000 the first year and $1,704,000 the second year are from the nongame wildlife management account in the natural resources 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.

$130,000 the first year and $130,000 the second year are for deer and bear management to include emergency deer feeding. If the appropriation for either year is insufficient, the appropriation for the other year is available.

$250,000 and three full-time equivalent positions each year is from the game and fish fund for an accelerated deer habitat improvement program and shall not be considered as part of the budget base for the 1994-1995 biennium.

The commissioner, in cooperation with the commissioner of agriculture shall study and make recommendations to the legislature by January 1, 1993, for a program for providing assistance to farmers for crop damage caused by wild animals.

$75,000 the first year is from the game and fish fund for construction of barrier reefs on Lake of the Woods for fish habitat improvement.

	1992	1993
	$	$

$100,000 each year is appropriated from the game and fish fund for expansion of the aquatic education program in the seven-county metropolitan area.

$1,651,000 the first year and $1,644,000 the second year are for the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands, established under Minnesota Statutes, section 84.95, subdivision 2. Any unencumbered balance for the first year does not cancel but is available for use the second year.

Notwithstanding any other law to the contrary, the commissioner shall not use public funds to construct a shooting range at the Carlos Avery Game Farm.

Subd. 8. Enforcement

	14,159,000	14,426,000
Summary by Fund		
General	2,226,000	2,220,000
Game and Fish	9,366,000	9,610,000
Natural Resources	2,567,000	2,596,000

$1,125,000 the first year and $1,125,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety.

$125,000 the first year and $125,000 the second year is from the game and fish fund to assist in filling the six existing vacant field officer positions. The balance of funds necessary to fill these vacancies and to maintain a full complement of field officers during the biennium shall be derived from savings generated by reducing the number of supervisory positions within the division.

The commissioner shall evaluate the number of metropolitan conservation

	1992	1993
	$	$

officer stations in relation to the population and need in the metropolitan area and make recommendations to the legislature for appropriate readjustment of assignments by January 1, 1992.

Subd. 9. Field Operations Support

11,170,000	10,761,000

Summary by Fund

General	5,347,000	5,338,000
Game and Fish	4,511,000	4,636,000
Natural Resources	1,045,000	424,000
Permanent School	267,000	363,000

$498,000 the first year and $594,000 the second year are for land sale costs under Minnesota Statutes, section 92.67, subdivision 3. Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

Any unencumbered balance remaining in the appropriation under Minnesota Statutes, section 92.46, subdivision 1, paragraph (d), in the first year does not cancel and is available for the second year.

$630,000 the first year is from the land acquisition account in the natural resources fund and is for acquisition costs associated with Tettegouche state park and Glendalough state park. Any funds for Glendalough state park acquisition are dependent upon passage of law establishing the statutory boundaries of the proposed park. Any unencumbered balance from this appropriation at the end of the first year does not cancel and is available for the second year.

Subd. 10. Regional Operations Support

5,121,000	5,136,000

	1992	1993
	$	$
Summary by Fund		
General	3,984,000	3,969,000
Game and Fish	888,000	913,000
Natural Resources	249,000	254,000

Subd. 11. Special Services and Programs

5,853,000	5,881,000

Summary by Fund		
General	4,558,000	4,559,000
Game and Fish	482,000	494,000
Natural Resources	813,000	828,000

$103,000 the first year and $103,000 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.

$17,000 the first year and $17,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement their portion of the comprehensive plan for the upper Mississippi.

Notwithstanding any other law to the contrary, any reductions in the department of natural resources' agency operating budget or reductions in agency program efforts prompted by specific legislative action or economic conditions during the biennium shall not be applied against the budget for the Minnesota Conservation Corps. Should the need arise, the commissioner shall reallocate resources within the department to ensure that the corps is maintained at no less than the same level of effort as accomplished during the 1990-1991 biennium.

The commissioner of the department of natural resources shall have the au-

	1992	1993
	$	$

thority to contract with and make grants to nonprofit agencies to carry out the purposes, plans, and programs of the office of youth programs, Minnesota conservation corps.

Subd. 12. Administrative Management Services

6,482,000 6,570,000

Summary by Fund

General	2,570,000	2,564,000
Game and Fish	2,344,000	2,413,000
Natural Resources	1,568,000	1,593,000

Notwithstanding any other law to the contrary, the commissioner, in cooperation with the commissioner of employee relations shall reassign the critical incident stress debriefing unit to the department of employee relations.

Sec. 6. BOARD OF WATER AND SOIL RESOURCES 8,076,000 8,020,000

	1992	1993
Approved Complement –	37	37
General –	34	34
Federal –	2	2
Bond –	1	1

$10,000 the first year and $10,000 the second year are for the International Water Coalition.

$849,000 the first year and $849,000 the second year are for general purpose grants to soil and water conservation districts, including conservation tillage and review and comment on water permits. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts.

	1992	1993
	$	$

$189,000 the first year and $189,000 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.

$1,461,000 the first year and $1,461,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management.

$159,000 the first year and $159,000 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.

$2,435,000 the first year and $2,535,000 the second year are for comprehensive local water planning.

$902,000 the first year and $902,000 the second year are for technical services and implementation of the conservation reserve program. Of this appropriation, $750,000 the first year and $750,000 the second year must be distributed to soil and water conservation districts.

$200,000 the first year is for a pilot project for a statewide abandoned well inventory. The board shall select counties for inclusion in this pilot that are representative of geographic, hydrological, geologic, and demographic areas of the state. The pilot will include an effort to identify the locations of aban-

	1992	1993
	$	$

doned wells in the selected counties and an analysis of the costs and an evaluation of the need for a statewide inventory of abandoned wells. The board shall submit a report to the legislature with its findings and recommendations by December 1, 1992. Any unencumbered balance at the end of the first year does not cancel and is available for the second year.

Any unencumbered balance in the board's program of grants to soil and water conservation districts and counties does not cancel at the end of the first year and is available for the second year for the same grant program.

Sec. 7. AGRICULTURE

Subdivision 1. Total Appropriation $12,452,000 $12,444,000

	1992	1993
Approved Complement –	537	537
General –	218	218
Environmental –	2	2
Special/Revolving –	293	293
Federal –	24	24

Summary by Fund

General	12,137,000	12,129,000
Environmental	130,000	130,000
Special Revenue	185,000	185,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Protection Service

5,264,000 5,254,000

Summary by Fund

General	5,134,000	5,124,000
Environmental	130,000	130,000

	1992	1993
	$	$

$130,000 the first year and $130,000 the second year are from the environmental response, compensation, and compliance account in the environmental fund.

Subd. 3. Promotion and Marketing

753,000 750,000

$75,000 the first year and $75,000 the second year are for transfer to the Minnesota grown matching account which may be used as grants for Minnesota grown promotion.

Subd. 4. Family Farm Services

1,148,000 1,148,000

$629,000 the first year and $629,000 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. During the biennium, such sums that are not needed for interest payment adjustments are available for farm crisis assistance. No new loans may be approved in fiscal year 1992 or 1993.

$100,000 the first year and $100,000 the second year are for farm crisis assistance under the family farm advocacy program. The commissioner shall target these funds to areas of the state with the greatest amount of farm stress.

$180,000 the first year and $180,000 the second year are for agriculture information centers and is only available on a dollar for dollar nonstate match. The funds may be released at the rate of one dollar for each dollar of matching nonstate money that is raised. The commissioner may credit in-kind contributions from nonstate sources for up

	1992	1993
	$	$

to one-half of the required nonstate match. This appropriation shall be used to target the areas of the state with the greatest amount of farm stress and shall not be a part of the 1994-1995 biennial budget base.

Subd. 5. Administrative Support and Grants

5,287,000	5,292,000

Summary by Fund

General	5,102,000	5,107,000
Special Revenue	185,000	185,000

$185,000 the first year and $185,000 the second year are from the commodities research and promotion account in the special revenue fund.

$50,000 the first year and $50,000 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.

$10,000 the first year is for payment of claims relating to agricultural crops damaged by elk and is available until June 30, 1993.

$79,000 the first year and $79,000 the second year are for the seaway port authority of Duluth.

$19,000 the first year and $19,000 the second year is for a grant to the Minnesota livestock breeder's association.

In the event that supplemental grant funding is made available to the com-

		1992	1993
		$	$
missioner for farm and small business management programs through the technical college system, the commissioner is authorized to make a supplemental grant or grants to the board of technical colleges for the instructional materials, instructional staff, support staff, and tuition assistance costs associated with this program not to exceed the amount of supplemental funding made available. Any supplemental grants that may be made to this program shall not be considered as part of the 1994-1995 budget base for the technical college system or the department of agriculture.			
Sec. 8. BOARD OF ANIMAL HEALTH		2,085,000	2,080,000
Approved Complement –	37	35	
General –	36	34	
Federal –	1	1	
This appropriation includes $25,000 the first year and $25,000 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.			
$150,000 the first year and $150,000 the second year are for an integrated pseudorabies control and research program. The board of animal health must consult with the pseudorabies advisory council about how this money should be spent. The appropriation is available only as matched, dollar for dollar, by money from nonstate sources.			
Sec. 9. MINNESOTA-WISCONSIN BOUNDARY AREA COMMISSION		110,000	110,000
Sec. 10. CITIZENS COUNCIL ON VOYAGEUR'S NATIONAL PARK		80,000	80,000

	1992	1993
	$	$
Sec. 11. SCIENCE MUSEUM OF MINNESOTA	1,138,000	1,138,000

Upon completion of its national tour, the Science Museum of Minnesota shall donate free of charge the "Wolves and Humans" exhibit to the International Wolf Center for permanent housing. In the event that the construction necessary to display the exhibit at the International Wolf Center is not completed at the time that the tour concludes, the Science Museum of Minnesota shall provide exhibit space until the International Wolf Center is prepared to display the exhibit.

Sec. 12. MINNESOTA ACADEMY OF SCIENCE	28,000	28,000
Sec. 13. MINNESOTA HORTICULTURAL SOCIETY	71,500	71,500

$3,500 the first year and $3,500 the second year are to increase the amount of color used in printing the Minnesota Horticulturist.

Sec. 14. MINNESOTA RESOURCES

Subdivision 1. Total Appropriation 35,429,000

Summary by Fund

Minnesota Future Resources Fund	16,569,000
Minnesota Environment and Natural Resources Trust Fund	15,360,000
Oil Overcharge Money in the Special Revenue Fund	3,500,000

The appropriations in this section are from the Minnesota future resources fund, unless another fund is named.

The appropriations in this section are available until June 30, 1993.

	1992	1993
	$	$
Subd. 2. Legislative Commission on Minnesota Resources	850,000	
For the biennium ending June 30, 1993, the commission shall monitor the programs in this section; assess the status of the state's natural resources; convene a state resource congress; establish priorities for, request, review, and recommend programs for the 1993-1995 biennium from the Minnesota future resources fund, Minnesota environment and natural resources trust fund, and oil overcharge money, and for support of the Citizen Advisory Committee activities. $400,000 of this appropriation is from the Minnesota environment and national resources trust fund.		
Subd. 3. Recreation		
(a) Off-highway Vehicle Recreation Area	75,000	
This appropriation is to the commissioner of natural resources to conduct a study in cooperation with the Minnesota 4-WD Association on the feasibility of an off-highway vehicle recreation area.		
(b) Superior Hiking Trail	400,000	
This appropriation is to the commissioner of natural resources for planning and administrative assistance and a grant to the Superior Hiking Trail Association for planning, development, and limited use of easement acquisition. The use of conservation corps resources is strongly encouraged. Up to $80,000 is available to the commissioner for planning and administrative assistance. Available federal and private money is appropriated.		
(c) Rails-to-Trails Acquisition and Development	1,000,000	

	1992	1993
	$	$
This appropriation is to the commissioner of natural resources for acquisition and development of trails in accordance with established priorities.		
(d) Local Rivers Planning	400,000	
This appropriation is to the commissioner of natural resources for grants of up to two-thirds of the cost to counties, or groups of counties acting pursuant to joint powers agreement, to develop comprehensive plans for the management and protection of up to eight rivers in northern and central Minnesota. The commissioner of natural resources shall include in the work plan for review and approval by the legislative commission on Minnesota resources a proposed list of rivers and a planning process developed by consensus of the affected counties. All plans must meet or exceed the requirements of state shoreland and floodplain laws.		
(e) Access to Lakes and Rivers	1,000,000	
This appropriation is to the commissioner of natural resources to provide boat access to major recreation lakes and rivers and to construct fishing piers in accordance with established priorities, inventory, map, and construct shore access sites in the metropolitan area.		
(f) Land and Water Resource Management, Lower St. Croix Riverway	360,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources for a grant to the Minnesota-Wisconsin Boundary Area Commission to develop a management strategy, improved technical capability, and sustained local government and landowner stewardship on the jointly managed lower St. Croix.		

	1992	1993
	$	$
(g) Mississippi River Valley Blufflands Initiative	150,000	

This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to assist local units of government to develop the tools necessary to protect the outstanding scenic and biological resources of the blufflands of the Mississippi Valley in Goodhue, Wabasha, Winona, and Houston counties.

(h) Reclamation of Recreation Systems and Environmental Resources	200,000	

This appropriation is to the University of Minnesota, College of Architecture and Landscape Architecture, to investigate urban design strategies for enhancing recreational amenities in suburban areas. The investigation shall be done in cooperation with the metropolitan council. The legislative commission on Minnesota resources may convene a steering committee to ensure coordination and practical results.

(i) Preservation of Historic Shipwrecks, Lake Superior	100,000	

$80,000 is to the Minnesota historical society to investigate the historic significance of shipwrecks on the North Shore of Lake Superior in accordance with priorities for placement on the National Register of Historic Places; to develop preservation plans to implement the federal Abandoned Shipwrecks Act; and to conduct a survey of the underwater resources in the vicinity of Split Rock Lighthouse.

$20,000 is to the commissioner of natural resources to develop facilities at Split Rock Lighthouse State Park for diver access.

	1992	1993
	$	$
(j) Grand Portage State Park Development	635,000	
This appropriation is to the commissioner of natural resources for initial development of Grand Portage State Park.		
(k) Land and Water Conservation Fund Administration	84,000	
This appropriation is to the commissioner of natural resources for administration of the federal land and water conservation program and other grant administration activities assigned to the commissioner in this section.		
(l) Historic Records Database – Final Phase	180,000	
This appropriation is to the Minnesota historical society to automate and make widely accessible the society's collections.		
(m) Fur Trade Research and Planning	250,000	
This appropriation is to the Minnesota historical society to plan and design the visitor center at the Northwest Company Fur Post Historic Site, and for site improvements at that site. No more than $100,000 may be spent for site improvements.		
(n) Mystery Cave Resource Evaluation	150,000	
This appropriation is to the commissioner of natural resources to perform a resource inventory and study of Mystery Cave to include groundwater, cave meteorology, geology, and biology as part of the park plan.		
(o) North Shore Harbor Plan Implementation		
Any unencumbered balance from the appropriation in Laws 1989, chapter		

	1992	1993
	$	$

335, article 1, section 29, subdivision 3, paragraph (o), does not cancel on June 30, 1991, and is available until June 30, 1993.

If the match requirements in Laws 1989, chapter 335, article 1, section 29, subdivision 3, paragraph (o), are met on or before June 30, 1991, this appropriation shall be available to the commissioner of natural resources for a grant to the city of Duluth for a breakwater.

If the match requirement is not met on or before June 30, 1991, this appropriation is to the commissioner of natural resources for a grant to the North Shore Management Board to begin implementation of the North Shore Harbor study funded in Laws 1989, chapter 335, article 1, section 29, subdivision 3, paragraph (n).

Subd. 4. Water

(a) Stream and Watershed Information System 200,000

This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of state planning to develop an integrated system of information relating to streams, watersheds, and retrieval and analysis tools.

(b) South Central Minnesota Surface Water Resource Atlases and Data Base 300,000

This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources for a grant to Mankato State University for development of surface hydrology atlases and data base in both hard and electronic format for the 13 counties of south central Minnesota.

	1992	1993
	$	$
(c) Minnesota River Basin Water Quality Monitoring	700,000	

This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of the pollution control agency. This is the final two years of a multiagency four-year effort to identify the sources of nonpoint pollution threatening the water quality and uses of the Minnesota River. The results will be used to direct state and local implementation programs. Federal matching money is appropriated.

(d) Waterwatch – Citizen Monitoring and Protection Program	272,000	

This appropriation is to the commissioner of the pollution control agency to encourage and coordinate citizen and student volunteer monitoring of water quality and biological indicators for Minnesota's lakes and streams.

(e) Bioremedial Technology for Groundwater	96,000	

This appropriation is to the University of Minnesota, Department of Civil and Mineral Engineering, for a pilot demonstration of technology for in situ biodegradation of organic pollutants in groundwater.

(f) County Geologic Atlas and Groundwater Sensitivity Mapping	1,400,000	

$800,000 is from the Minnesota environment and natural resources trust fund to the University of Minnesota, Minnesota Geologic Survey, to expand production of county geologic atlases and create a new atlas services office.

$600,000 is from the Minnesota environment and natural resources trust fund to the commissioner of natural

	1992	1993
	$	$
resources for groundwater sensitivity mapping.		
(g) Aquifer Analyses in southeast Minnesota	73,000	
This appropriation is to the commissioner of natural resources for a grant to Winona State University to perform aquifer tests in southeast Minnesota in order to determine aquifer characteristics, surface-subsurface groundwater *interaction, and aquifer interaction.*		
(h) Clean Water Partnership Grants to Local Units of Government	700,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of the pollution control agency for Clean Water Partnership grants under Minnesota Statutes, section 115.096. In addition to the required work program, grants may not be approved until grant proposals have been submitted to the legislative commission on Minnesota resources and the commission has either made a recommendation or allowed 30 days to pass without making a recommendation.		
(i) Cannon River Watershed Grants	60,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the board of water and soil resources to provide research and demonstration grants to counties consistent with the comprehensive local water management program under Minnesota Statutes, chapter 110B, as part of the Cannon River watershed protection program.		
(j) Mitigating Mercury in Northeast Minnesota Lakes	300,000	

	1992	1993
	$	$
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of the pollution control agency to investigate how to mitigate the damage caused by the presence of mercury in northeast Minnesota lakes.		
(k) Development and Application of Aeration Technologies	148,000	
This appropriation is to the University of Minnesota, St. Anthony Falls Hydraulic Laboratory, to study how to optimize membrane aeration and the hydraulic design of bypass type aerator systems.		
(l) Lake Superior Initiative – Institute for Research	400,000	
This appropriation is to the University of Minnesota, Graduate School, to establish an institute for Lake Superior Research that would develop a strong multifaceted research effort.		
(m) Lake Mille Lacs Public Land Use Plan	20,000	
This appropriation is to the commissioner of natural resources to plan for shoreline management of publicly-owned lands around Lake Mille Lacs.		
(n) Ecological Evaluation of Year-Round Aeration	100,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to collect baseline data on aerated and nonaerated lakes and determine ecological impacts of aeration.		
Subd. 5. Education		
(a) Environmental Education Program	790,000	

	1992	1993
	$	$

$400,000 is from the Minnesota environment and natural resources trust fund to the commissioner of education to develop and implement model K-12 environmental education curriculum integration. This program will incorporate ongoing models of other deliverers of environmental education.

$30,000 is from the Minnesota environment and natural resources trust fund to the commissioner of education for a grant to the Minnesota Community Education Association to incorporate environmental education into the community education system.

$60,000 is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to complete a long-term plan for the development and coordination of environmental learning centers.

$85,000 is from the Minnesota environment and natural resources trust fund to the commissioner of state planning for a grant to the Audubon Center of the Northwoods for an assessment of environmental learning center programs and services.

$215,000 is from the Minnesota environment and natural resources trust fund to the commissioner of state planning to develop a statewide environmental education plan. The statewide plan will integrate the plans, strategies, and policies of the department of education, post-secondary institutions, the department of natural resources, and other deliverers of environmental education.

(b) Teacher Training for Environmental Education 5,000

This appropriation is to the commissioner of education for a grant to the St.

	1992	1993
	$	$
Paul Chapter of the National Audubon Society for scholarships for the training of teachers in environmental education integration.		
(c) Video Education Research and Demonstration Project	100,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of education for a grant to Twin Cities Public Television to develop a video education demonstration project and a model for a statewide video environmental education communication network.		
(d) Integrated Resource Management Education and Training Program	300,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to provide training and internship programs in natural resource management.		
(e) Continuing Education in Outdoor Recreation for Natural Resource Managers	125,000	
This appropriation is to the University of Minnesota, Department of Forest Resources, to develop and implement an outdoor recreation short course for natural resource planners and managers with outdoor recreation responsibilities.		
(f) Environmental Exhibits Collaborative	400,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the Science Museum of Minnesota to establish a statewide collaborative to share and create traveling water-related exhibits		

	1992	1993
	$	$
and programs for schools and family groups at different sites.		
(g) Upper Mississippi River Environmental Education Center	600,000	
This appropriation is to the commissioner of natural resources for a grant to the city of Winona to develop detailed architectural designs necessary to obtain federal construction funding for an Upper Mississippi River Environmental Education Center. This appropriation is contingent upon federal commitment of at least $6,000,000 for construction and for future operation and maintenance.		
(h) Urban Rangers Program	100,000	
This appropriation is to the commissioner of education for a grant to the Minneapolis Park and Recreation Board to develop an urban environmental curriculum for elementary students and families conducted at 44 city recreation centers.		
(i) Crosby Farm Park Nature Program	85,000	
This appropriation is to the commissioner of education for a grant to the city of St. Paul to institute a nature study program at Crosby Farm Park to introduce inner city residents and minorities to learning opportunities concerning natural resources and how to conserve and protect those resources.		
(j) Youth in Natural Resources	250,000	
This appropriation is to the commissioner of natural resources to develop a career exploration program for minority youths and to test their vocational interests, skills, and aptitudes.		
(k) Environmental Education for Handicapped	130,000	

	1992	1993
	$	$
This appropriation is to the commissioner of education for a grant to Vinland National Center to develop a program model in environmental education, including education of persons with disabilities, and to teach the model to educators, environmentalists, and the disability community.		
Subd. 6. Agriculture		
(a) Biological Control of Pests	650,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of agriculture to collect and identify potential biological control agents, and to develop and test biological control agents for a variety of pests. A grant request to supplement this appropriation must be submitted to the U.S. Department of Agriculture and the results reported to the legislative commission on Minnesota resources.		
(b) Review Levels of Pesticides at Spill Sites	300,000	
This appropriation is to the commissioner of agriculture for a literature search and publication of remediation technologies for pesticide spills, laboratory research on the fate of elevated levels of pesticides in soil, and evaluation of bioremediation techniques.		
(c) Effective Nitrogen and Water Management for Sensitive Areas	300,000	
This appropriation is to the commissioner of agriculture to provide an integrated research information base on risks of groundwater pollution involved in nitrogen and water management for crop production.		
(d) Conservation Reserve Easements	1,000,000	

	1992	1993
	$	$
This appropriation is from the Minnesota environment and natural resources trust fund to the board of water and soil resources to acquire perpetual easements under Minnesota Statutes, section 40.43, subdivision 3, with priority for wetland areas, to enhance wildlife habitat, control erosion, and improve water quality.		
(e) Native Grass and Wildflower Seed	130,000	
This appropriation is to the commissioner of agriculture in cooperation with the commissioner of natural resources to develop the varietal, cultural, and market information necessary to encourage expanded commercial production of Minnesota origin native wildflower and grass seed.		
(f) Community Gardening Program	110,000	
This appropriation is to the University of Minnesota, Minnesota Extension Service, in cooperation with the Minnesota State Horticultural Society and the Self Reliance Center to provide gardening information and technical assistance in metropolitan and nonmetropolitan areas.		
Subd. 7. Forestry		
(a) Minnesota Old-Growth Forests – Character and Identification	150,000	
This appropriation is to the commissioner of natural resources to develop quantitative, structural definitions of Minnesota old-growth forest types, examine the importance of old growth as sensitive habitat, and evaluate old-growth forest stands that are identified as the department of natural resources old-growth guidelines are implemented.		

	1992	1993
	$	$
(b) Nutrient Cycling and Tree Species Suitability	220,000	
This appropriation is to the University of Minnesota, Department of Forest Resources, to assess the role of nutrient cycling and associated management practices for sustainability of Minnesota's forest resources under scenarios of increased harvesting and atmospheric change.		
(c) State Forest Land Acquisition	500,000	
This appropriation is to the commissioner of natural resources to acquire lands in the highest priority purchase compartments in the R. J. Dorer Memorial Hardwood State Forest.		
(d) Regeneration and Management of Minnesota's Oak Forests	225,000	
This appropriation is to the University of Minnesota, Minnesota Extension Service, for research and education in oak regeneration and management.		
(e) Private Forest Management for Oak Regeneration	200,000	
This appropriation is to the commissioner of natural resources to increase technical assistance to private forest landowners in southern Minnesota for oak regeneration.		
(f) Aspen Hybrids and New Tissue Culture Techniques	70,000	
This appropriation is to the University of Minnesota, Department of Forest Resources, to research tissue cultured aspen and hybrid aspen clones.		
(g) Aspen Decay Models for Mature Aspen Stands	85,000	
This appropriation is to the commissioner of natural resources to contract		

	1992	1993
	$	$
with Koochiching county and the University of Minnesota, College of Natural Resources, to develop models for aspen decay in mature aspen stands.		
Subd. 8. Fisheries		
(a) Pilot Fish Pond Complex – Fisheries Development and Education	250,000	
This appropriation is to the commissioner of natural resources for a grant to the Leech Lake Band of Chippewa Indians to develop fish ponds for production of sportfish and baitfish.		
(b) Aquaculture Facility Purchase and Development and Genetic Gamefish Growth Studies	1,200,000	
This appropriation is to the University of Minnesota, College of Natural Resources, to acquire and develop an aquaculture facility and to continue research on genetically engineered gamefish.		
(c) Cooperative Urban Aquatic Education Program	340,000	
This appropriation is to the commissioner of natural resources to expand urban fishing opportunities and awareness.		
(d) Catch and Release Program	35,000	
This appropriation is to the commissioner of natural resources to accelerate the catch and release portion of the CORE program for matching grants to local anglers clubs for promotion of catch and release statewide. The work must be done in cooperation with the Minnesota Sportfishing Congress and other interested groups.		
(e) Metropolitan Lakes Fishing Opportunities	75,000	

	1992	1993
	$	$
This appropriation is to the commissioner of natural resources to study metropolitan area lakes to determine if recreational fishing opportunities are being maximized. The study must be done in cooperation with the Minnesota Sportfishing Congress and other interested groups.		
(f) Lake Minnetonka Bass Tracking	85,000	
This appropriation is to the commissioner of natural resources to study the impacts of bass fishing contests. The study must be done in cooperation with the Minnesota Sportfishing Congress and other interested groups.		
(g) Stocking Survey	35,000	
This appropriation is to the commissioner of natural resources to survey organizations to determine the level of interest in public and private fish stocking activities. The survey must be done in cooperation with the Minnesota Sportfishing Congress and other interested groups.		
Subd. 9. Wildlife		
(a) Insecticide Impact on Wetland and Upland Wildlife	650,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to research the effect of insecticides on wetland and upland wildlife and habitats.		
(b) Biological Control of Eurasian Water Milfoil	100,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to continue a cooperative research program between the		

	1992	1993
	$	$
department of natural resources, Freshwater Foundation, and the University of Minnesota leading to biological control of Eurasian water milfoil. This appropriation must be matched by $200,000 from the Freshwater Foundation.		
(c) Microbial and Genetic Strategies for Mosquito Control	150,000	
This appropriation is to the University of Minnesota, Department of Entomology, to enhance mosquito control by development of microbial agents that are environmentally safe and specific for mosquitoes.		
(d) Minnesota County Biological Survey	1,000,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to continue the biological survey in Minnesota counties previously funded by Laws 1989, chapter 335, article 1, section 29, subdivision 3, item (t).		
(e) Data Base for Plants of Minnesota	130,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the University of Minnesota to computerize the data base for Minnesota plants, including precise information on the distribution, ecology, history, and management of each species.		
(f) Aquatic Invertebrate Assessment Archive	130,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of the pollution control agency, in cooperation with the Science Museum of		

	1992	1993
	$	$
Minnesota, to continue work on a record system for aquatic invertebrates and assign pollution tolerance values and to develop an information system for the zebra mussel.		
(g) Wetlands Forum	40,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to improve communication and information exchange regarding wetlands in the metropolitan area. This appropriation must be matched by $40,000 from the Freshwater Foundation.		
(h) Easement Acquisition on Restored Wetlands	400,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the board of water and soil resources for a pilot program to acquire permanent conservation easements on federally restored or enhanced wetlands and adjacent lands in cooperation with the United States Fish and Wildlife Service and the Izaak Walton League.		
(i) Swan and Heron Lake Area Projects	1,000,000	
This appropriation is to the commissioner of natural resources. First priority is for acquisition that qualifies for federal match. Second priority is for land management activities. Federal and other matching money is appropriated. Any full-time equivalent positions associated with this appropriation are for land acquisition work.		
(j) Wildlife Oriented Recreation Facilities at Sandstone Unit National Wildlife Refuge	9,000	
This appropriation is to the commissioner of natural resources to contract		

	1992	1993
	$	$
with Rice Lake National Wildlife Refuge for recreation facility development and access at the Sandstone Unit of Rice Lake National Wildlife Refuge.		
(k) Reinvest in Minnesota Critical Habitat Match	1,000,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources for transfer to the critical habitat private sector matching account under Minnesota Statutes, section 84.943.		
(l) Acquisition and Development of Scientific and Natural Areas	300,000	
This appropriation is to the commissioner of natural resources to acquire and develop scientific and natural area sites consistent with the state scientific and natural areas plan.		
(m) Black Bear Research in East Central Minnesota	100,000	
This appropriation is to the University of Minnesota, Bell Museum of Natural History, to develop landscape ecology concepts and better understand the problem of bear damage to crops.		
(n) Partnership for Accelerated Wild Turkey Management	50,000	
This appropriation is to the commissioner of natural resources to increase wild turkey stocking. This appropriation must be matched by $50,000 from the National Wild Turkey Federation.		
(o) Restore Thomas Sadler Roberts Bird Sanctuary	50,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources for a grant to the		

	1992	1993
	$	$
Minneapolis Park and Recreation Board to restore and improve public access to the Thomas Sadler Roberts Bird Sanctuary. This appropriation must be matched by $50,000 of local money.		
(p) Changes in Ecosystem on Biodiversity of Forest Birds	300,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to monitor forest songbird populations and to develop geographic information system tools to correlate forest bird populations with dynamics of the forest landscape. This appropriation must be matched by $200,000 from a combination of nonstate funds and the state nongame wildlife program.		
(q) Establish Northern Raptors Rehabilitation and Education Facility	75,000	
This appropriation is to the University of Minnesota, Raptor Center, to establish a raptor rehabilitation and release facility at the Audubon Center of the Northwoods.		
(r) Effect of Avian Flu Virus in Mallard Ducks	16,000	
This appropriation is to the University of Minnesota, Department of Veterinary Pathobiology, to research the effects of Avian influenza on Mallard ducks.		
Subd. 10. Land		
(a) Base Maps for 1990s	1,900,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of state planning to provide the state		

	1992	1993
	$	$

match for a federal program to complete a major portion of the statewide air photo and base map coverage. The federal share is appropriated.

(b) Accelerated Soil Survey 1,270,000

This appropriation is to the University of Minnesota, Agriculture Experiment Station, to complete the soil survey in counties under contract as of July 1, 1988. Up to $270,000 is for initiation of a survey in Koochiching county, provided that the county share of the cost of the survey shall be one-third of the cost, reduced by a percentage equal to the percent of land located in the county that is owned by the federal or state government that exceeds five percent, and further adjusted by the ratio of the adjusted net tax capacity per capita of the county to the adjusted net tax capacity per capita of the state.

(c) Statewide National Wetlands Inventory, Protected Waters Inventory, Watershed Map Digitization 750,000

This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to complete the digitization of the national wetlands inventory, protected water inventory, and watershed boundaries.

(d) Statewide Land Use Update 338,000

This appropriation is to the commissioner of state planning for a grant to The International Coalition to complete a statewide land use update of all land and water resources outside the Twin City metropolitan area.

(e) Local Geographic Information System Program 143,000

	1992	1993
	$	$
This appropriation is to the commissioner of state planning for a grant to The International Coalition to expand the applicability and use of geographic information by developing programs and providing training at the local level.		
(f) GIS Control Point Inventory	175,000	
This appropriation is to the commissioner of state planning to produce a statewide inventory of known public land survey control points using data from all levels of government.		
(g) Land Use and Design Strategies to Enhance Environmental Quality	100,000	
This appropriation is to the University of Minnesota, College of Architecture and Landscape Architecture, to develop a land use and design concept for typical sites on light rail transit and freeway systems. The work must be done in consultation with the Metropolitan Council and the Regional Transit Board.		
(h) Model Residential Land Use Guidelines	150,000	
This appropriation is to the University of Minnesota, Department of Landscape Architecture, to illustrate and disseminate residential land development guidelines that address a broad range of environmental concerns. The work must be done in consultation with the Metropolitan Council. The legislative commission on Minnesota resources may convene a steering committee to ensure coordination and practical results.		

	1992	1993
	$	$
Subd. 11. Minerals		
Subsurface Greenstone Belts in Southwestern Minnesota	120,000	
This appropriation is to the University of Minnesota, Minnesota Geologic Survey, to apply aeromagnetic interpretation techniques and test drilling to determine greenstone and associated mineral potential in southwestern Minnesota.		
Subd. 12. Waste		
(a) Remediation of Soils by Co-Composting with Leaves	135,000	
This appropriation is to the office of waste management for a grant to the Minneapolis Community Development Agency to develop a treatment method for soils contaminated with semi-volatile compounds by co-composting with leaves.		
(b) Land Spreading of Yard Wastes	100,000	
This appropriation is to the office of waste management for a grant to the University of Minnesota, Soils Science Department, to determine the maximum and optimum rates that yard wastes can be applied to soils without reducing yields or endangering the environment.		
Subd. 13. Oil Overcharge		
The appropriations in this subdivision are from oil overcharge money, as defined in Minnesota Statutes, section 4.071, in the special revenue fund.		
(a) Traffic Signal Timing and Optimization Program	1,175,000	
This appropriation is to the commissioner of administration for transfer to		

	1992	1993
	$	$
the commissioner of transportation. $125,000 is for traffic signal retiming and optimization training and $1,050,000 for a cost share program for signal retiming. $675,000 of the cost share program is available only as cash flow permits.		
(b) Waste Crumb Rubber in Roadways	100,000	
This appropriation is to the commissioner of administration for transfer to the commissioner of transportation to improve hot-mix asphalt pavement performance through the use of crumb tire rubber and selected polymer additives. The process will use waste tires generated in Minnesota. This appropriation must be matched by $100,000 from other sources.		
(c) Biodegradable Plastics – Microbial and Crop Plant Systems	150,000	
This appropriation is to the commissioner of administration for a grant to the University of Minnesota, Department of Agronomy and Plant Genetics, to genetically engineer yeast and crop plants to produce low-cost polyhydroxybutyric, a biodegradable plastic, to substitute for petroleum-based plastics.		
(d) Agricultural Energy Savings Information	150,000	
This appropriation is to the commissioner of administration for a grant to the Agricultural Utilization Research Institute to conduct a series of conferences, communication products, and intensive workshops in order to transfer the results of state-funded research to agricultural practitioners.		
(e) Residential Urban Environmental Resource Audit	150,000	

	1992	1993
	$	$
This appropriation is to the commissioner of administration for a grant to the St. Paul Neighborhood Energy Consortium to develop and implement neighborhood workshops and one-on-one consultations as part of an environmental urban resource audit and a broad educational campaign.		
(f) Means for Producing Lignin-Based Plastics	100,000	
This appropriation is to the University of Minnesota, Department of Forest Products, to develop means for fabricating engineering plastics based upon industrial by-product lignins and corresponding raw materials from wheat straw.		
(g) Cellulose Rayons for Packaging	150,000	
This appropriation is to the office of waste management for a grant to Bemidji State University, Center for Environmental Studies, to research and develop cellulose rayons.		
(h) Tree and Shrub Planting for Energy in Minnesota Communities	1,250,000	
This appropriation is to the commissioner of natural resources to develop research-based guidelines and publications and to provide matching grants for energy conservation tree planting. $950,000 of this appropriation is available only as cash flow permits.		
(i) Oil Overcharge Program Administration	200,000	
This appropriation is to the commissioner of administration for processing and oversight of grants and allocations in the Oil Overcharge program.		
(j) Energy Efficiency Standards for Residential Construction	75,000	

	1992	1993
	$	$
This appropriation is to the commissioner of administration for a grant to the University of Minnesota, Cold Climate Housing Center for the development of performance-based standards for energy efficient new home construction and procedures for implementation. This appropriation must be matched by $75,000 of nonstate funds. This appropriation is available only as cash flow permits.		
Subd. 14. MFRF Contingent Account	800,000	
In addition to the specific amounts appropriated from the Minnesota future resources fund by this section, any increase in the projected revenue to the fund in excess of the amount indicated in subdivision 1 that would otherwise be available for expenditure during the 1992-1993 biennium is appropriated to the legislative commission on Minnesota resources future resources fund contingent account for disbursement by the commission in accordance with the procedure identified in this subdivision.		
This appropriation is for acquisition or development of state land or other projects that are part of a natural resources acceleration activity, when deemed to be of an emergency or critical nature. This appropriation is also available for projects initiated by the legislative commission on Minnesota resources that are found to be proper in order for the commission to carry out its legislative charge.		
This appropriation is not available until the legislative commission on Minnesota resources has made a recommendation to the legislative advisory commission regarding each expenditure from the account. The legislative advisory commission must then hold a meeting and provide its		

	1992	1993
	$	$

recommendation on each item, which may be spent only with the approval of the governor.

Subd. 15. Trust Fund Contingent Account 1,000,000

In addition to the specific amounts appropriated from the environmental trust fund by this section, any increase in the projected revenue to the trust fund in excess of the amount indicated in subdivision 1 that would otherwise be available for expenditure during the 1992-1993 biennium in accordance with Minnesota Statutes, sections 116P.08 and 116P.11, is appropriated to the legislative commission on Minnesota resources environmental trust fund contingent account for disbursement by the commission in accordance with the procedure identified in this subdivision.

This appropriation is not available until the legislative commission on Minnesota resources has made a recommendation to the legislative advisory commission regarding each expenditure from the account. The legislative advisory commission must then hold a meeting and provide its recommendation on each item, which may be spent only with the approval of the governor.

Subd. 16. Compatible Data

During the biennium ending June 30, 1993, the data collected by the projects funded under this section that have common value for natural resource planning and management must conform to information architecture as defined in guidelines and standards adopted by the information policy office. Data review committees may be established to develop or comment on plans for data integration and distribu-

	1992	1993
	$	$

tion and shall submit semiannual status reports to the legislative commission on Minnesota resources on their findings. In addition, the data must be provided to and integrated with the Minnesota land management information center's geographic data bases with the integration costs borne by the activity receiving funding under this section. This requirement applies to all projects funded under this section, including, but not limited to, the following projects:

Recreation: Subdivision 3, paragraphs (d) and (e);

Water: Subdivision 4, paragraphs (a), (b), (c), (f), and (g);

Agriculture: Subdivision 6, paragraph (d);

Wildlife: Subdivision 9, paragraphs (d), (e), (h), (k), and (p);

Land: Subdivision 10, paragraphs (a), (b), (c), (d), (e), and (f);

Minerals: Subdivision 11.

Subd. 17. Work Program

It is a condition of acceptance of the appropriations made by this section that the agency or entity receiving the appropriation must submit a work program and semiannual progress reports in the form determined by the legislative commission on Minnesota resources. None of the money provided in this section may be spent unless the commission has approved the pertinent work program.

Subd. 18. Temporary Positions

	1992	1993
	$	$

The approved full-time equivalent of the following agencies shall be increased for the biennium as indicated for the appropriations in this section:

Board of Water and Soil Resources – 1
Pollution Control Agency – 5
State Planning Agency – 3
Department of Agriculture – 4
Department of Education – 4
Department of Administration – 1
Department of Natural Resources – 36

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. The positions are in addition to any other approved complement for the agency. Part-time employment of persons is authorized.

Subd. 19. Match Requirements

Appropriations in this section that must be matched and for which the match has not been committed by January 1, 1992, must be canceled. Amounts canceled to the Minnesota future resources fund are appropriated to the contingent account created in subdivision 14.

Subd. 20. Patents and Royalties

If an appropriation in this section from the Minnesota future resources fund results in a patent and subsequent royalties, payment of 50 percent of the royalties received, net of patent servicing costs, must be paid to the Minnesota future resources fund, until the entire appropriation made by this section is repaid.

Subd. 21. Carryforward

	1992	1993
	$	$

The appropriation in Laws 1989, chapter 335, article 1, section 29, subdivision 3, paragraph (e), Development of Forest Soil Interpretations, is available until December 31, 1991.

The appropriation in Laws 1989, chapter 335, article 1, section 29, subdivision 3, paragraph (h), Statewide Public Recreation Map, is available until June 30, 1992.

The appropriation in Laws 1989, chapter 335, article 1, section 29, subdivision 11, paragraph (o), High Flotation Tire Research is available until June 30, 1992.

Sec. 15. TRANSFERS

If the appropriation in this article 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.

If an amount is specified in this article item within an activity, that amount must not be transferred or used for any other purpose.

ARTICLE 2

ENVIRONMENT AND NATURAL RESOURCES

Section 1. Minnesota Statutes 1990, section 14.18, is amended to read:

14.18 [PUBLICATION OF ADOPTED RULE; EFFECTIVE DATE.]

Subdivision 1. [GENERALLY.] A rule is effective after it has been subjected to all requirements described in sections 14.131 to 14.20 and five working days after the notice of adoption is published in the State Register unless a later date is required by law or specified in the rule. If the rule adopted is the same as the proposed rule, publication may be made by publishing notice in the State Register that the rule has been adopted as proposed and by citing the prior publication. If the rule adopted differs from the proposed rule, the portions of the adopted rule which differ from the proposed rule shall be included in the notice of adoption together with a citation to the prior State Register publication of the remainder of the proposed rule. The nature of the modifications must be clear to a reasonable person when the notice of adoption is considered together with the State Register publication of the proposed rule, except that modifications may also be made which comply with the form requirements of section 14.07, subdivision 7.

Subd. 2. [POLLUTION CONTROL AGENCY FEES.] A new fee or fee increase adopted by the pollution control agency is subject to legislative approval during the next biennial budget session following adoption. The commissioner shall submit a report of fee adjustments to the legislature as a supplement to the biennial budget. Any new fee or fee increase remains in effect unless the legislature passes a bill disapproving the new fee or fee increase. A fee or fee increase disapproved by the legislature becomes null and void on July 1 following adjournment.

Sec. 2. Minnesota Statutes 1990, section 16A.123, subdivision 5, is amended to read:

Subd. 5. [DEPARTMENT OF NATURAL RESOURCES COMPLEMENT.] ~~(a) Beginning with the biennium ending June 30, 1991,~~ The legislature shall establish complements for the department of natural resources based on the number of full-time equivalent positions and dollars appropriated for salary-related expenditures.

The commissioner of natural resources shall provide a biennial report indicating the distribution of the full-time equivalents for the previous biennium as a supplement to the agency's biennial budget request for succeeding bienniums. The biennial budget document submitted to the legislature by the governor ~~beginning with the~~

~~1992-1993 biennium~~ shall indicate, by program and by activity, the number of full-time equivalent positions included as base level ~~and recommended changes~~. The governor's salary and full-time equivalents requests for the agency shall include all full-time, part-time, and seasonal dollars and full-time equivalent positions requested. Any change level request submitted by the governor to the legislature for consideration ~~by the governor~~ as part of the governor's biennial budget containing funding for salaries shall indicate the number of additional full-time equivalent positions and salary dollars requested.

Within the full-time equivalent number and amount of salary dollars appropriated for the department, the commissioner shall have the authority to establish as many full-time, part-time, or seasonal positions as required to accomplish the assigned responsibilities for the department. The commissioner shall have the authority to reallocate salary dollars for other operating expenses, but the commissioner shall not have authority to reallocate other operating funds to increase the total amount appropriated for salary-related expenses, including salary supplement, without receiving prior approval according to the process defined in this subdivision.

In the event that the commissioner finds it necessary to exceed the full-time equivalent number or the amount of appropriated dollars and the legislature is not in session, the commissioner shall seek approval of the legislative advisory commission under subdivision 4. Legislative advisory commission approved full-time equivalent positions and dollars shall ~~not~~ only become ~~a~~ part of the agency budget base ~~unless authorized by the legislature~~ if the increase is the result of appropriations made to the agency by the legislature that are in addition to the appropriations made in the omnibus appropriations acts. All other legislative advisory commission authorized full-time equivalent positions or dollar adjustments shall be temporary for the biennium during which they are authorized unless approved by the legislature.

~~(b)~~ This subdivision does not apply to emergency firefighting crews. Subdivisions 1, 2, and 3 do not apply to the department of natural resources.

Sec. 3. Minnesota Statutes 1990, section 18.191, is amended to read:

18.191 [DESTRUCTION OF NOXIOUS WEEDS.]

Except as otherwise specifically provided in sections 18.181 to 18.271, 18.281 to 18.311, and 18.321 to 18.322, it shall be the duty of every occupant of land or, if the land is unoccupied, the owner thereof, or an agent, or the public official in charge thereof, to cut down, otherwise destroy, or eradicate all noxious weeds as defined in section 18.171, subdivision 5, standing, being, or growing upon such

land, in such manner and at such times as may be directed or ordered by the commissioner, the commissioner's authorized agents, the county agricultural inspector, or by a local weed inspector having jurisdiction.

Except as provided below, an owner of nonfederal lands underlying public waters or wetlands designated under section 103G.201 is not required to control or eradicate purple loosestrife (Lythrum salicaria) below the ordinary high water level of the public water or wetland. To the extent provided in this section, the commissioner of natural resources is responsible for control and eradication of purple loosestrife on public waters and wetlands designated under section 103G.201, except those located upon lands owned in fee title or managed by the United States. The officers, employees, agents, and contractors of the commissioner may enter upon public waters and wetlands designated under section 103G.201 and may cross adjacent lands as necessary for the purpose of investigating purple loosestrife infestations, formulating methods of eradication, and implementing control and eradication of purple loosestrife. The commissioner, after consultation with the commissioner of agriculture, shall, by June 1 of each year, compile a priority list of purple loosestrife infestations to be controlled in designated public waters or public wetlands. The commissioner of agriculture must distribute the list to county agricultural inspectors, local weed inspectors, and their appointed agents. The commissioner of natural resources shall control listed purple loosestrife infestations in priority order within the limits of appropriations provided for that purpose. This procedure shall be the exclusive means for control of purple loosestrife on designated public waters and public wetlands by the commissioner of natural resources and shall supersede the other provisions for control of noxious weeds set forth elsewhere in Minnesota Statutes, chapter 18. The responsibility of the commissioner to control and eradicate purple loosestrife on public waters and wetlands located on private lands and the authority to enter upon private lands ends ten days after receipt by the commissioner of a written statement from the landowner that the landowner assumes all responsibility for control and eradication of purple loosestrife under sections 18.171 to 18.315. State officers, employees, agents, and contractors are not liable in a civil action for trespass committed in the discharge of their duties under this section and are not liable to anyone for damages, except for damages arising from gross negligence.

Sec. 4. Minnesota Statutes 1990, section 84.82, subdivision 2, is amended to read:

Subd. 2. [APPLICATION, ISSUANCE, REPORTS.] Application for registration or reregistration shall be made to the commissioner of natural resources, or the commissioner of public safety or an authorized deputy registrar of motor vehicles in such form as the commissioner of public safety shall prescribe, and shall state the name and address of every owner of the snowmobile and be signed by

at least one owner. The commissioner of natural resources shall authorize retail dealers of snowmobiles to serve as agents of the deputy registrar for purposes of snowmobile registration and reregistration. A person who purchases a snowmobile from a retail dealer may make application for registration to the dealer at the point of sale. The dealer shall issue a temporary registration to each purchaser who applies to the dealer for registration. The temporary registration is valid until the final registration becomes effective. Upon receipt of the application and the appropriate fee as hereinafter provided, such snowmobile shall be registered and a registration number assigned which shall be affixed to the snowmobile in such manner as the commissioner of natural resources shall prescribe. Each deputy registrar of motor vehicles acting pursuant to section 168.33, shall also be a deputy registrar of snowmobiles. The commissioner of natural resources in agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to assure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with these accounting and procedural requirements. A fee of 50 cents in addition to that otherwise prescribed by law shall be charged for each snowmobile registered by the registrar or a deputy registrar. The additional fee shall be disposed of in the manner provided in section 168.33, subdivision 2.

Sec. 5. Minnesota Statutes 1990, section 84.82, subdivision 3, is amended to read:

Subd. 3. [FEES FOR REGISTRATION.] (a) The fee for registration of each snowmobile, other than those used for an agricultural purpose, as defined in section 84.92, subdivision 1c, or those registered by a dealer or manufacturer pursuant to clause (b) or (c) shall be as follows: ~~$18~~ $30 for three years and $4 for a duplicate or transfer.

(b) The total registration fee for all snowmobiles owned by a dealer and operated for demonstration or testing purposes shall be $50 per year.

(c) The total registration fee for all snowmobiles owned by a manufacturer and operated for research, testing, experimentation, or demonstration purposes shall be $150 per year. Dealer and manufacturer registrations are not transferable.

Sec. 6. Minnesota Statutes 1990, section 84.944, subdivision 2, is amended to read:

Subd. 2. [DESIGNATION OF ACQUIRED SITES.] The critical natural habitat acquired in fee title 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 sections 97A.101, 97A.125, 97C.001, and 97C.011~~, and~~

~~97C.021~~. The commissioner may so designate any critical natural habitat acquired in less than fee title.

Sec. 7. Minnesota Statutes 1990, section 84.96, subdivision 5, is amended to read:

Subd. 5. [PAYMENTS.] (a) The commissioner must make payments to the landowner under this subdivision for the easement.

(b) For a permanent easement, the commissioner must pay ~~50 percent of the average equalized estimated market value of cropland in the township as established by the commissioner of revenue~~ 65 percent of the permanent marginal agricultural land payment rate as established by the board of water and soil resources for the time period when the application is made.

(c) For an easement of limited duration, the ~~landowner shall receive a lump sum payment equal to the present value of the annual payments for the term of the easement based on 50 percent of the mean adjusted cash rental for cropland in the county as established by the commissioner of revenue~~ commissioner must pay 65 percent of the permanent prairie bank easement rate for the time period when the application is made.

(d) To maintain and protect native prairies, the commissioner may enter into easements that allow selected agricultural practices. Payment must be based on paragraph (b) or (c) but may be reduced due to the agricultural practices allowed after negotiation with the landowner.

Sec. 8. Minnesota Statutes 1990, section 85.015, is amended by adding a subdivision to read:

Subd. 16. [SUPERIOR VISTA TRAIL; ST. LOUIS AND LAKE COUNTIES.] The trail shall originate at the city of Duluth and shall extend in a northeasterly direction along the shoreline of Lake Superior to the city of Two Harbors. The trail shall be designed for bicycles and hikers, shall utilize existing highway and railroad right-of-way where possible, and shall be laid out in a manner to maximize the view of Lake Superior while traversing the length of the trail.

Sec. 9. [COORDINATION.]

In developing a plan to implement section 7, the commissioner shall involve the various jurisdictions through which the Superior Vista trail corridor would pass. This includes, but is not limited to, the St. Louis and Lake counties highway departments, the cities of Duluth and Two Harbors, the Minnesota department of transportation, and the St. Louis and Lake counties railroad authorities.

Sec. 10. Minnesota Statutes 1990, section 85.22, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION.] The revolving fund established under Laws 1941, chapter 548, section 37, subdivision E, item 4 is the state parks working capital account. The account is to be used to maintain and operate the revenue producing facilities and to operate the resource management and interpretive programs in the state parks within the limits in this section.

Sec. 11. Minnesota Statutes 1990, section 85.22, subdivision 2a, is amended to read:

Subd. 2a. [RECEIPTS, APPROPRIATION.] All receipts derived from the rental or sale of ~~items in~~ state ~~parks~~ park items shall be deposited in the state treasury and be credited to the state parks working capital account. The money in the account is annually appropriated ~~solely~~ for the purchase and payment of expenses attributable to items for resale or rental and for state park resource management and interpretive programs. No money shall be spent on the resource management or interpretive programs until all expenses attributable to the revenue producing program have been covered.

Sec. 12. Minnesota Statutes 1990, section 86B.415, subdivision 1, is amended to read:

Subdivision 1. [WATERCRAFT ~~LESS THAN~~ 19 FEET OR LESS.] The fee for a watercraft license for watercraft ~~less than~~ 19 feet in length or less is ~~$12~~ $35 except:

(1) for watercraft 19 feet in length or less that is offered for rent or lease, the fee is ~~$6~~ $12;

(2) for a canoe, kayak, sailboat, sailboard, paddle boat, or rowing shell 19 feet in length or less, the fee is ~~$7~~ $12;

(3) for a watercraft less than 17 feet in length, the fee is $22;

(4) for a watercraft 19 feet in length or less used by a nonprofit corporation for teaching boat and water safety, the fee is as provided in subdivision 4; and

~~(4)~~ (5) for a watercraft owned by a dealer under a dealer's license, the fee is as provided in subdivision 5.

Sec. 13. Minnesota Statutes 1990, section 86B.415, subdivision 2, is amended to read:

Subd. 2. [WATERCRAFT OVER 19 FEET.] Except as provided in subdivisions 3, 4, and 5, the watercraft license fee:

(1) for a watercraft more than 19 feet but less than 26 feet in length is ~~$20~~ $45;

(2) for a watercraft 26 feet but less than 40 feet in length is ~~$30~~ $60; and

(3) for a watercraft 40 feet in length or longer is ~~$40~~ $80.

Sec. 14. Minnesota Statutes 1990, section 86B.415, subdivision 3, is amended to read:

Subd. 3. [WATERCRAFT OVER 19 FEET FOR HIRE.] The license fee for a watercraft *more than 19 feet in length for hire with an* operator is ~~$50~~ $80 each.

Sec. 15. Minnesota Statutes 1990, section 86B.415, subdivision 4, is amended to read:

Subd. 4. [WATERCRAFT USED BY NONPROFIT CORPORATION FOR TEACHING.] The watercraft license fee for a watercraft used by a nonprofit organization for teaching boat and water safety is ~~$3~~ $6 each.

Sec. 16. Minnesota Statutes 1990, section 86B.415, subdivision 5, is amended to read:

Subd. 5. [DEALER'S LICENSE.] There is no separate fee for watercraft owned by a dealer under a dealer's license. The fee for a dealer's license is ~~$30~~ $60.

Sec. 17. Minnesota Statutes 1990, section 86B.415, subdivision 6, is amended to read:

Subd. 6. [TRANSFER OR DUPLICATE LICENSE.] The fee to transfer a watercraft license or be issued a duplicate license is ~~$3~~ $4.

Sec. 18. Minnesota Statutes 1990, section 86B.415, subdivision 7, is amended to read:

Subd. 7. [WATERCRAFT SURCHARGE.] A surcharge of $2 is placed on each watercraft licensed under subdivisions 1 to ~~6, that is 17 feet in length or longer,~~ for ~~management~~ ~~of~~ control, public awareness, law enforcement, monitoring, and research of nuisance aquatic exotic species such as zebra mussel, purple loosestrife, and Eurasian water milfoil according to law.

Sec. 19. [88.86] [MINNESOTA RELEAF PROGRAM.]

The Minnesota releaf program is established in the department of natural resources to encourage, promote, and fund the planting, maintenance, and improvement of trees in this state to reduce atmospheric carbon dioxide levels and promote energy conservation.

Sec. 20. [IMPLEMENTATION PLAN.]

Subdivision 1. [DESCRIPTION.] (a) The commissioner of natural resources in cooperation with the commissioners of the pollution control agency and department of agriculture shall prepare and submit to the legislative commission on Minnesota resources an implementation plan for the Minnesota releaf program containing the following elements:

(1) primary and secondary criteria for selecting projects for funding under the Minnesota releaf program; and

(2) recommended procedures for processing grant applications and allocating funds.

(b) The primary criteria developed under paragraph (a), clause (1), must include, but are not limited to:

(1) reduction and mitigation of adverse environmental impacts of atmospheric carbon dioxide; and

(2) promotion of energy conservation.

(c) The secondary criteria developed under paragraph (a), clause (1), must include, but are not limited to:

(1) balancing of urban and rural needs;

(2) preservation of existing trees in urban areas;

(3) promotion of biodiversity, including development of disease-resistant and drought-resistant tree species;

(4) erosion control;

(5) enhancement of wildlife habitat;

(6) encouragement of cost sharing with public and private entities;

(7) enhancement of recreational opportunities in urban and rural areas;

(8) coordination with existing state and federal programs;

(9) acceleration of the planting of harvestable timber;

(10) creation of employment opportunities for disadvantaged youth; and

(11) maximization of the use of volunteers.

Subd. 2. [DUTIES OF THE COMMISSIONER OF NATURAL RESOURCES.] By February 1, 1992, the commissioner of natural resources shall transmit to the legislature the implementation plan prepared under subdivision 1, and the recommendations prepared under subdivision 3, together with all recommended legislation to implement the Minnesota releaf program and the supporting fee structure.

Subd. 3. [DUTIES OF THE POLLUTION CONTROL AGENCY.] (a) The pollution control agency, in consultation with potentially affected parties, shall prepare implementation recommendations for applying a fee on carbon dioxide emissions for the Minnesota releaf program. The agency's analysis must include:

(1) a review of the carbon dioxide sources and proposed fee base identified in the study prepared in accordance with Laws 1990, chapter 587, section 2;

(2) recommendations regarding exemptions, if any, that should be granted;

(3) a recommended method for measuring the amount of carbon dioxide emitted by various sources;

(4) a recommended procedure for administering and collecting the fees from the sources described in clause (3); and

(5) an estimate of revenue that would be generated by the fees.

(b) The agency shall submit implementation recommendations to the commissioner of natural resources by December 1, 1991.

Sec. 21. [LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES PARTICIPATION.]

The commissioners of natural resources and pollution control agency shall include the preparation of the plans required for the implementation of the Minnesota releaf program as part of the tree and shrub planting project funded in article 1, section 14. In compliance with article 1, section 14, an amended work plan for the tree and shrub planting project including the Minnesota releaf plans shall be submitted to the legislative commission on Minnesota resources for approval.

Sec. 22. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes, section 116.86, as section 88.85.

Sec. 23. Minnesota Statutes 1990, section 97A.075, subdivision 2, is amended to read:

Subd. 2. [MINNESOTA MIGRATORY WATERFOWL STAMP.] The commissioner may use the revenue from the Minnesota migratory waterfowl stamps for:

(1) development of wetlands in the state and designated waterfowl management lakes for maximum migratory waterfowl production including the construction of dikes, water control structures and impoundments, nest cover, rough fish barriers, acquisition of sites and facilities necessary for development and management of existing migratory waterfowl habitat and the creation of migratory waterfowl management lakes;

(2) ~~protection and propagation~~ management of migratory waterfowl;

(3) development, restoration, maintenance, or preservation of migratory waterfowl habitat;

(4) acquisition of and access to structure sites; and

(5) necessary related administrative costs not to exceed ten percent of the annual revenue.

Sec. 24. Minnesota Statutes 1990, section 97A.141, is amended by adding a subdivision to read:

Subd. 4. [COOPERATION WITH METROPOLITAN GOVERNMENTAL UNITS.] Local units of government owning lands adjacent to public waters within the seven-county metropolitan area shall cooperate with the commissioner to use those lands for public access purposes when identified by the commissioner under subdivision 1. If cooperation does not occur, the commissioner may use condemnation authority under this section to acquire an interest in the local government lands for public access purposes.

Sec. 25. Minnesota Statutes 1990, section 97A.325, subdivision 2, is amended to read:

Subd. 2. [DEER; BEAR; MOOSE; ELK; CARIBOU.] Except as provided in subdivision 1, a person that violates a provision of the

game and fish laws relating to buying or selling deer, bear, moose, elk, or caribou is guilty of a gross misdemeanor.

Sec. 26. Minnesota Statutes 1990, section 97A.435, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] Persons eligible for a turkey license shall be determined by this section and commissioner's order. A person is eligible for a turkey license only if the person is ~~a resident and~~ at least age 16 before the season opens or possesses a firearms safety certificate.

Sec. 27. Minnesota Statutes 1990, 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, $10;

(2) for persons age 65 or over, $5;

(3) to take turkey, ~~$14~~ $20;

(4) to take deer with firearms, $22;

(5) husband and wife license to take deer with firearms, $27;

(6) family license to take deer with firearms, $84;

~~(6)~~ (7) to take deer by archery, $22;

(8) husband and wife license to take deer by archery, $27;

~~(7)~~ (9) to take moose, for a party of not more than four persons, $275;

~~(8)~~ (10) to take bear, $33; ~~and~~

~~(9)~~ (11) to take elk, for a party of not more than two persons, $220; and

(12) to take antlered deer only in multiple zones, without provision to apply for a doe permit, if the commissioner determines that there is no deleterious effect on the deer herd, $32.

Sec. 28. Minnesota Statutes 1990, 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, $56;

(2) to take deer with firearms, $110;

(3) to take deer by archery, $110;

(4) to take bear, $165;

(5) to take turkey, ~~$33~~ $56; and

(6) to take raccoon, bobcat, fox, coyote, or lynx, $137.50.

Sec. 29. Minnesota Statutes 1990, section 97A.475, subdivision 7, is amended to read:

Subd. 7. [NONRESIDENT FISHING.] Fees for the following licenses, to be issued to nonresidents, are:

(1) to take fish by angling, ~~$20~~ $25;

(2) to take fish by angling limited to seven consecutive days, $16.50;

(3) to take fish by angling for three consecutive days, $13.50;

(4) to take fish by angling for a combined license for a family, ~~$33.50~~ $35;

(5) to take fish by angling for a period of 24 hours from the time of issuance, $5; and

(6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days, $25.

Sec. 30. Minnesota Statutes 1990, section 97A.485, subdivision 7, is amended to read:

Subd. 7. [COUNTY AUDITOR'S COMMISSION.] The county auditor shall retain for the county treasury a commission of four percent of all license fees collected by the auditor and the auditor's subagents, excluding the small game surcharge and issuing fees, the fishing surcharge and issuing fees, and the license to take fish by angling for persons age 65 and over. In addition, the auditor shall collect the issuing fees on licenses sold by the auditor to a licensee.

Sec. 31. Minnesota Statutes 1990, section 97B.301, is amended by adding a subdivision to read:

Subd. 6. [HUSBAND AND WIFE DEER LICENSE.] A resident husband and wife license to take deer by firearms or by archery may be issued by the commissioner. A license authorizes the taking of one deer. One antlerless permit application shall be provided with each husband-wife firearms license sold.

Sec. 32. Minnesota Statutes 1990, section 97C.001, subdivision 3, is amended to read:

Subd. 3. [SEASONS, LIMITS, AND RULES.] (a) The commissioner may, by order, establish open seasons, limits, methods, and other rules to take fish on experimental waters.

(b) The open seasons, limits, methods, and other rules must be the same for streams located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, and Winona counties in order to be designated as experimental waters by the commissioner.

Sec. 33. Minnesota Statutes *1990*, section *103B.321*, *subdivision* 1, is amended to read:

Subdivision 1. [GENERAL.] The board shall:

(1) develop guidelines for the contents of comprehensive water plans *that provide for a flexible approach to meeting* the different water and related land resources needs of counties and watersheds across the state;

(2) coordinate assistance of state agencies to counties and other local units of government involved in preparation of comprehensive water plans, including identification of pertinent data and studies available from the state and federal government;

(3) conduct an active program of information and education concerning the requirements and purposes of sections 103B.301 to 103B.355 in conjunction with the association of Minnesota counties;

(4) determine contested cases under section *103B.345*;

(5) establish a process for review of comprehensive water plans that assures the plans are consistent with state law; ~~and~~

(6) report to the legislative commission on Minnesota resources as required by *section 103B.351*; and

(7) make grants to counties for comprehensive local water plan-

ning, implementation of priority actions identified in approved plans, and sealing of abandoned wells.

Sec. 34. Minnesota Statutes 1990, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. [PERMIT FEES.] (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of reviewing and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees shall not include the costs of litigation. The agency shall adopt rules under section 16A.128 establishing the amounts and methods of collection of any permit fees collected under this subdivision. Any money collected under this ~~subdivision~~ paragraph shall be deposited in the special revenue account.

(b) Notwithstanding paragraph (a), and section 16A.128, subdivision 1, the agency shall collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to the requirement to obtain a permit under Title V of the federal Clean Air Act Amendments of 1990, Public Law Number 101-549, Statutes at Large, volume 104, pages 2399 et seq., or Minnesota Statutes, section 116.081. The annual fee shall be used to pay for all direct and indirect reasonable costs required to develop and administer the permit program requirements of Title V of the federal Clean Air Act Amendments of 1990, Public Law Number 101-549, Statutes at Large, volume 104, pages 2399 et seq., and sections of this chapter related to air contamination. Those costs include the reasonable costs of reviewing and acting upon an application for a permit; implementing and enforcing the terms and conditions of a permit issued, not including court costs or other costs associated with an enforcement action; emissions and ambient monitoring; preparing generally applicable regulations or guidance; modeling, analyses, and demonstrations; and preparing inventories and tracking emissions.

(c) The agency shall adopt fee rules in accordance with the procedures in section 16A.128, subdivisions 1a and 2a, that will result in the collection, in the aggregate, from the sources listed in paragraph (b), of the following amounts:

(1) in fiscal years 1992 and 1993, the amount appropriated by the legislature from fees under the agency's air quality program; and

(2) for fiscal year 1994 and thereafter, an amount not less than $25 per ton of each volatile organic compound, pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act), pollutant regulated under

Minnesota Rules, chapter 7005, and each pollutant, except carbon monoxide, for which a national or state primary ambient air quality standard has been promulgated.

The agency shall not include in the calculation of the aggregate amount to be collected from the fee rules any amount in excess of 4,000 tons per year of each air pollutant from a source.

(d) The agency shall provide in the rules promulgated under paragraph (c) for an increase in the fee collected in each year beginning after 1990 by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of such year exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph, the Consumer Price Index for any calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year, and the revision of the Consumer Price Index which is most consistent with the Consumer Price Index for calendar year 1989. Any money collected under paragraphs (b) to (d) shall be deposited in an air quality account in the environmental fund and shall be used solely for the activities listed in paragraph (b).

Sec. 35. Minnesota Statutes 1990, section 116.18, subdivision 2a, is amended to read:

Subd. 2a. [STATE MATCHING GRANTS PROGRAM BEGINNING OCTOBER 1, 1987.] For projects tendered, on or after October 1, 1987, a grant of federal money under section 201(g), section 202, 203, or 206(f) of the Federal Water Pollution Control Act, as amended, United States Code, title 33, sections 1251 to 1376, at 55 percent or more of the eligible cost for construction of the treatment works, state money appropriated under subdivision 1 must be expended for 50 percent of the nonfederal share of the eligible cost of construction for municipalities with populations of 25,000 or less. The total state stop payment amount that is withheld from communities completing wastewater treatment facility construction under the state-federal matching grants program must not exceed ten percent of the total state grant amount.

Sec. 36. Minnesota Statutes 1990, section 116P.05, is amended to read:

116P.05 [LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES.]

Subdivision 1. [MEMBERSHIP.] (a) A legislative commission on Minnesota resources of 16 members is created, consisting of the chairs of the house and senate committees on environment and natural resources or designees appointed for the terms of the chairs,

the chairs of the house appropriations and senate finance committees or designees appointed for the terms of the chairs, six members of the senate appointed by the subcommittee on committees of the committee on rules and administration, and six members of the house appointed by the speaker. ~~The commission shall develop a budget plan for expenditures from the trust fund and shall adopt a strategic plan as provided in section 116P.08.~~

~~(b) The commission shall recommend expenditures to the legislature from the Minnesota future resources account under section 116P.13.~~ At least two members from the senate and two members from the house must be from the minority caucus. Members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the commission.

~~(c)~~ (b) Members shall appoint a chair who shall preside and convene meetings as often as necessary to conduct duties prescribed by this chapter.

~~(d)~~ (c) Members shall serve on the commission until their successors are appointed.

~~(e)~~ (d) Vacancies occurring on the commission shall not affect the authority of the remaining members of the commission to carry out their duties, and vacancies shall be filled in the same manner under paragraph (a).

Subd. 2. [DUTIES.] (a) The commission shall recommend a budget plan for expenditures from the environment and natural resources trust fund and shall adopt a strategic plan as provided in section 116P.08.

(b) The commission shall recommend expenditures to the legislature from the Minnesota future resources fund under section 116P.13.

~~(f)~~ (c) The commission may adopt ~~bylaws and~~ operating procedures to fulfill their duties under sections 116P.01 to 116P.13.

Sec. 37. Minnesota Statutes 1990, section 116P.06, is amended to read:

116P.06 [ADVISORY COMMITTEE.]

Subdivision 1. [MEMBERSHIP.] (a) An advisory committee of 11 citizen members shall be appointed by the governor to advise the legislative commission on Minnesota resources on project proposals to receive funding from *the trust fund and the development of* budget and strategic plans. The governor shall appoint at least one

member from each congressional district. The governor shall appoint the chair.

(b) The governor's appointees must be confirmed with the advice and consent of the senate. The membership terms, compensation, removal, and filling of vacancies for citizen members of the advisory committee are governed by section 15.0575.

Subd. 2. [DUTIES.] (a) The advisory committee shall:

(1) prepare and submit to the commission a draft strategic plan to guide expenditures from the trust fund;

(2) review the reinvest in Minnesota program during development of the draft strategic plan;

(3) gather input from the resources congress during development of the draft strategic plan;

(4) advise the commission on project proposals to receive funding from the trust fund; and

(5) advise the commission on development of the budget plan.

(b) The advisory committee may review all project proposals for funding and may make recommendations to the commission on whether the projects:

(1) meet the standards and funding categories set forth in sections 116P.01 to 116P.12;

(2) duplicate existing federal, state, or local projects being conducted within the state; and

(3) are consistent with the most recent strategic plan adopted by the commission.

Sec. 38. Minnesota Statutes 1990, section 116P.07, is amended to read:

116P.07 [RESOURCES CONGRESS.]

The commission must convene a resources congress at least once every biennium and shall develop procedures for the congress. The congress must be open to all interested individuals. The purpose of the congress is to collect public input necessary to allow the commission, with the advice of the advisory committee, to develop a strategic plan to guide expenditures from the trust fund. The congress also may be convened to receive and review reports on trust

fund projects. The congress shall also review the reinvest in Minnesota program.

Sec. 39. Minnesota Statutes 1990, section 116P.08, subdivision 3, is amended to read:

Subd. 3. [STRATEGIC PLAN REQUIRED.] (a) The commission shall adopt a strategic plan for making expenditures from the trust fund, including identifying the priority areas for funding for the next six years. ~~The reinvest in Minnesota program must be reviewed by the advisory committee, resources congress, and commission during the development of the strategic plan.~~ The strategic plan must be updated every two years. The plan is advisory only. The commission shall submit the plan, as a recommendation, to the house of representatives appropriations and senate finance committees by January 1 of each odd-numbered year.

(b) ~~The advisory committee shall work with the resources congress to develop a draft strategic plan to be submitted to the commission for approval. The commission shall develop the procedures for the resources congress.~~

~~(c)~~ The commission may accept or modify the draft of the strategic plan submitted to it by the advisory committee before voting on the plan's adoption.

Sec. 40. Minnesota Statutes 1990, section 116P.08, subdivision 4, is amended to read:

Subd. 4. [BUDGET PLAN.] (a) Funding may be provided only for those projects that meet the categories established in subdivision 1.

(b) Projects submitted to the commission for funding may be referred to the advisory committee for recommendation~~, except that research proposals first must be reviewed by the peer review panel. The advisory committee may review all project proposals for funding and may make recommendations to the commission on whether:~~

~~(1) the projects meet the standards and funding categories set forth in sections 116P.01 to 116P.12;~~

~~(2) the projects duplicate existing federal, state, or local projects being conducted within the state; and~~

~~(3) the projects are consistent with the most recent strategic plan adopted by the commission~~.

(c) The commission must adopt a budget plan to make expenditures from the trust fund for the purposes provided in subdivision 1. The budget plan must be submitted to the governor for inclusion in

the biennial budget and supplemental budget submitted to the legislature.

(d) Money in the trust fund may not be spent except under an appropriation by law.

Sec. 41. Minnesota Statutes 1990, section 116P.09, subdivision 2, is amended to read:

Subd. 2. [LIAISON OFFICERS.] The commission shall request each department or agency head of all state agencies with a direct interest and responsibility in any phase of environment and natural resources to appoint, and the latter shall appoint for the agency, a liaison officer who shall work closely with the commission and its staff. ~~The designated liaison officer shall attend all meetings of the advisory committee to provide assistance and information to committee members when necessary.~~

Sec. 42. Minnesota Statutes 1990, section 116P.09, subdivision 4, is amended to read:

Subd. 4. [PERSONNEL.] Persons who are employed by a state agency to work on a project and are paid by an appropriation from the trust fund or Minnesota future resources ~~account~~ fund are in the unclassified civil service, and their continued employment is contingent upon the availability of money from the appropriation. When the appropriation has been spent, their positions must be canceled and the approved complement of the agency reduced accordingly. Part-time employment of persons for a project is authorized.

Sec. 43. Minnesota Statutes 1990, section 116P.09, subdivision 5, is amended to read:

Subd. 5. [ADMINISTRATIVE EXPENSE.] (a) The administrative expenses of the commission ~~and advisory committee shall be paid from the Minnesota future resources account until June 30, 1995~~ shall be prorated among the various funds administered by the commission.

(b) ~~After June 30, 1995, the expenses of the commission and advisory committee combined may not exceed an amount equal to two percent of the total earnings of the trust fund in the preceding fiscal year.~~ Through June 30, 1991, the administrative expenses of the commission and the advisory committee shall be paid from the Minnesota future resources fund. After that time, the prorated expenses related to administration of the trust fund shall be paid from the interest earnings of the trust fund.

(c) ~~The commission and the advisory committee must include a~~

~~reasonable amount for their administrative expense in the budget plan for the trust fund.~~ After June 30, 1991, the prorated expenses related to administration of the trust fund may not exceed an amount equal to five percent of the projected earnings of the trust fund for the biennium.

Sec. 44. Minnesota Statutes 1990, section 116P.09, subdivision 7, is amended to read:

Subd. 7. [REPORT REQUIRED.] The commission shall, by ~~July 1~~ January 15 of each ~~even-numbered~~ odd-numbered year, submit a report to the governor, the chairs of the house appropriations and senate finance committees, and the chairs of the house and senate committees on environment and natural resources. Copies of the report must be available to the public. The report must include:

(1) a copy of the current strategic plan;

(2) a description of each project receiving money from the trust fund and Minnesota future resources ~~account~~ fund during the preceding ~~two years~~ biennium;

(3) a summary of any research project completed in the preceding ~~two years~~ biennium;

(4) recommendations to implement successful projects and programs into a state agency's standard operations;

(5) to the extent known by the commission, descriptions of the projects anticipated to be supported by the trust fund and Minnesota future resources account during the next ~~two years~~ biennium;

(6) the source and amount of all revenues collected and distributed by the commission, including all administrative and other expenses;

(7) a description of the ~~trust fund's~~ assets and liabilities of the trust fund and the Minnesota future resources fund;

(8) any findings or recommendations that are deemed proper to assist the legislature in formulating legislation;

(9) a list of all gifts and donations with a value over $1,000; and

(10) a comparison of the amounts spent by the state for environment and natural resources activities through the most recent fiscal year; ~~and~~.

~~(11) a copy of the most recent certified financial and compliance audit.~~

Sec. 45. Minnesota Statutes 1990, section 168C.04, subdivision 1, is amended to read:

Subdivision 1. The registration fee for bicycles shall be ~~$3 until January 1, 1985, and shall be $5 thereafter~~ $9 after July 1, 1991. These fees shall be paid at the time of registration. The fees, and any donations in excess of the fees must be deposited in ~~the general fund~~ a special revenue account in the general government fund entitled the bicycle transportation account. Proof of purchase is required for registration. Bicycles lacking proof of purchase may be registered if there is no evidence that the bicycle is stolen. However, the registration record must be marked to indicate that no proof of purchase was provided. The registration is valid for three calendar years. A person registering a bicycle may add an additional amount to the registration fee, and all amounts so added must be deposited in the same manner as registration fees. A person registering a bicycle must at the time of registration be informed that a registrant may add an additional amount to the fee and that all such additional amounts will be used for the purposes specified in subdivision 2.

Sec. 46. Minnesota Statutes 1990, section 473.844, subdivision 1a, is amended to read:

Subd. 1a. [USE OF FUNDS.] (a) The money in the account may be spent only for the following purposes:

(1) assistance to any person for resource recovery projects funded under subdivision 4 or projects to develop and coordinate markets for reusable or recyclable waste materials, including related public education, planning, and technical assistance;

(2) grants to counties under section 473.8441;

(3) program administration by the metropolitan council;

(4) public education on solid waste reduction and recycling; and

(5) solid waste research.

(b) The council shall allocate at least 50 percent of the annual revenue received by the account, including interest and any amount carried over from a previous fiscal year, for grants to counties under section 473.8441.

Sec. 47. Minnesota Statutes 1990, section 85.012, is amended by adding a subdivision to read:

Subd. 23a. Glendalough state park, Otter Tail county.

Sec. 48. [GLENDALOUGH STATE PARK.]

Subdivision 1. [ESTABLISHMENT.] Glendalough state park is established in Otter Tail county.

Subd. 2. [ACQUISITION.] The commissioner of natural resources is authorized to acquire by gift or purchase the lands for Glendalough state park. The commissioner shall give emphasis to the management of wildlife within the park and shall interpret these management activities for the public. Except as otherwise provided in this subdivision, all lands acquired for Glendalough state park shall be administered in the same manner as provided for other state parks and shall be perpetually dedicated for that use.

Subd. 3. [PAYMENT IN LIEU OF TAXES FOR PRIVATE TRACTS.] (a) If a tract or lot or privately owned land is acquired for inclusion within Glendalough state park and, as a result of the acquisition, taxes are no longer assessed against the tract or lot or improvements on the tract or lot, the following amount shall be paid by the commissioner of natural resources to Otter Tail county for distribution to the taxing districts:

(1) in the first year after taxes are last required to be paid on the property, 80 percent of the last required payment;

(2) in the second year after taxes are last required to be paid on the property, 60 percent of the last required payment;

(3) in the third year after taxes are last required to be paid on the property, 40 percent of the last required payment; and

(4) in the fourth year after taxes are last required to be paid on the property, 20 percent of the last required payment.

(b) The commissioner shall make the payments from money appropriated for state park maintenance and operation. The county auditor shall certify to the commissioner of natural resources the total amount due to a county on or before March 30 of the year in which money must be paid under this section. Money received by a county under this subdivision shall be distributed to the various taxing districts in the same proportion as the levy on the property in the last year taxes were required to be paid on the property.

Subd. 4. [BOUNDARIES.] The following described lands are located within the boundaries of Glendalough state park:

Government Lots 3 and 4 and that part of Lake Emma and its lake bed lying in Section 7; all of Section 18; Government Lot 1, the Northeast Quarter of the Northwest Quarter and the Southwest Quarter of the Northwest Quarter of Section 19; all in Township 133 North, Range 39 West.

All of Section 13; Government Lots 1 and 2, the West Half of the Southeast Quarter, the Northeast Quarter and the Southwest Quarter of Section 14; Government Lots 1 and 2, the East 66 feet of the West Half of the Southeast Quarter and the Northeast Quarter of Section 23; Government Lots 1, 2, 3, 4, 5, 6, and 8, the Northwest Quarter of the Northwest Quarter, the East Half of the Southeast Quarter of Section 24; that part of Government Lot 7 of Section 24 lying easterly of the following described line: commencing at the northeast corner of Government Lot 1 of Section 25, Township 133 North, Range 40 West; thence North 89 degrees 22 minutes 29 seconds West on an assumed bearing along the north line of said Section 25 a distance of 75.00 feet to the point of beginning; thence on a bearing of North 37 feet, more or less, to the shoreline of Molly Stark Lake and there terminating; that part of Government Lot 1 of Section 25 lying northerly of County State Aid Highway No. 16 and westerly of the following described line: commencing at the northeast corner of said Government Lot 1; thence on an assumed bearing of South along the east line of said Government Lot 1 a distance of 822.46 feet; thence North 77 degrees 59 minutes 14 seconds West 414.39 feet to the point of beginning; thence North 04 degrees 28 minutes 54 seconds East 707 feet, more or less, to the shoreline of Molly Stark Lake and there terminating; the westerly 50 feet except the northerly 643.5 feet of Government Lot 1 of Section 25; Government Lot 1 of Section 26 except the easterly 50 feet of the northerly 643.5 feet; all in Township 133 north, Range 40 West.

Subd. 5. [EFFECTIVE DATE.] Section 47 and this section are effective the day following final enactment.

Sec. 49. [REPEALER.]

Minnesota Statutes 1990, sections 97B.721; and 116P.04, subdivision 5, are repealed.

Sec. 50. [EFFECTIVE DATE.]

Sections 12 to 17 are effective January 1, 1993.

ARTICLE 3

AGRICULTURE

Section 1. Minnesota Statutes 1990, section 18.46, subdivision 6, is amended to read:

Subd. 6. [NURSERY STOCK GROWER.] ~~A nursery operator: A~~ "Nursery ~~operator is any~~ stock grower" means a person who owns, leases, manages, or is in charge of a nursery.

Sec. 2. Minnesota Statutes 1990, section 18.46, subdivision 9, is amended to read:

Subd. 9. [NURSERY STOCK DEALER.] ~~A dealer: A~~ "Nursery stock dealer ~~is any~~" means a person who obtains nursery stock for the purpose of sale or distribution and includes any person who sells and distributes for more than one nursery ~~operator~~ stock grower. A person who purchases more than half of the nursery stock offered for sale at a sales location during the current certificate year shall be considered a nursery stock dealer rather than a nursery ~~operator~~ stock grower for the purposes of determining a proper fee schedule.

Sec. 3. Minnesota Statutes 1990, section 18.46, is amended by adding a subdivision to read:

Subd. 9a. [LANDSCAPER.] "Landscaper" is a nursery stock dealer who obtains certified nursery stock for immediate sale, distribution, or installation and who does not grow or maintain nursery stock for resale.

Sec. 4. Minnesota Statutes 1990, section 18.49, subdivision 2, is amended to read:

Subd. 2. [CERTIFICATE.] It is unlawful for a person to sell or distribute nursery stock to a nursery stock dealer or nursery ~~operator~~ stock grower who does not have a valid ~~certificate of inspection~~ grower's or dealer's certificate.

Sec. 5. Minnesota Statutes 1990, section 18.51, is amended to read:

18.51 [NURSERY STOCK GROWER'S CERTIFICATE ~~OF INSPECTION~~.]

Subdivision 1. [CERTIFICATE REQUIRED.] Each nursery ~~operator~~ stock grower shall obtain a nursery stock grower's certificate ~~of inspection~~ from the commissioner. Said certificate shall be obtained before offering nursery stock for sale or distribution. Each certificate shall expire on November 15 of each year.

Subd. 2. [FEES; PENALTY.] A nursery ~~operator~~ stock grower 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~~ nursery stock grower's nurseries as follows:

Nurseries:

(1) 1/2 acre or less	~~$40~~ $70 per nursery ~~operator~~ stock grower
(2) Over 1/2 acre to and including 2 acres	~~$60~~ $85 per nursery ~~operator~~ stock grower
(3) Over 2 acres to and including 10 acres	~~$125~~ $150 per nursery ~~operator~~ stock grower
(4) Over 10 acres to and including 50 acres	~~$360~~ $400 per nursery ~~operator~~ stock grower
(5) Over 50 acres	$725 per nursery ~~operator~~ stock grower for the first 50 acres and $1 per acre for each additional acre

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. 6. Minnesota Statutes 1990, section 18.52, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATES REQUIRED.] A ~~dealer's~~ nursery stock dealer certificate shall be obtained by every nursery stock dealer for each location before offering nursery stock for sale or distribution unless the nursery stock dealer holds a valid greenhouse or nursery ~~operator's~~ stock grower's certificate either of which will permit a single sales location. This certificate or a duplicate thereof shall be displayed in a prominent manner at each place where nursery stock is offered for sale. A certificate to sell or distribute certified nursery stock may be obtained by a nursery stock dealer or by an agent through a principal, from the commissioner. The commissioner may refuse to issue a ~~dealer's~~ nursery stock dealer or ~~agent's~~ agent certificate for cause.

Sec. 7. Minnesota Statutes 1990, section 18.52, subdivision 5, is amended to read:

Subd. 5. [FEES; PENALTY.] A nursery stock dealer shall pay an annual fee based on the dealer's gross sales during the preceding certificate year. A nursery stock dealer operating for the first year will pay the minimum fee.

Dealers:

(1) Gross sales up to ~~$1,000~~ $5,000	at a location ~~$40~~ $70 per location
(2) ~~Gross sales over $1,000 and up to $5,000~~	~~at a location $50 per location~~

~~(3)~~ Gross sales over $5,000 up to $10,000	at a location ~~$85~~ $100 per location
~~(4)~~ (3) Gross sales over $10,000 up to $25,000	at a location ~~$125~~ $200 per location
~~(5)~~ (4) Gross sales over $25,000 up to $75,000	at a location ~~$175~~ $300 per location
~~(6)~~ (5) Gross sales over $75,000 up to $100,000	at a location ~~$260~~ $400 per location
~~(7)~~ (6) Gross sales over $100,000 up to $250,000	at a location ~~$400~~ $500 per location
(7) Gross sales over $250,000	at a location $600 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. 8. Minnesota Statutes 1990, section 18.54, subdivision 2, is amended to read:

Subd. 2. [VIRUS DISEASE-FREE CERTIFICATION.] The commissioner shall have the authority to provide special services such as virus disease-free certification and other similar programs. Participation by nursery ~~operators~~ stock growers shall be voluntary. Plants offered for sale as certified virus-free must be grown according to certain procedures in a manner defined by the commissioner for the purpose of eliminating viruses and other injurious disease or insect pests. The commissioner shall collect reasonable fees from participating nursery ~~operators~~ stock growers for services and materials that are necessary to conduct this type of work, as provided in section 16A.128.

Sec. 9. Minnesota Statutes 1990, section 18.55, is amended to read:

18.55 [RECIPROCITY WITH OTHER STATES.]

Subdivision 1. [OUT-OF-STATE NURSERY ~~OPERATOR~~ STOCK GROWER, DEALER, OR AGENT.] A nursery ~~operator~~ stock grower, dealer, or agent from another state which issues certificates to nursery ~~operators~~ stock growers, dealers, or agents of Minnesota on the same or similar basis as to nursery ~~operators~~ stock growers, dealers, or agents of such state may operate in Minnesota upon complying with the plant pest act without procuring a Minnesota certificate. Any person from another state shipping nursery stock into Minnesota shall be accorded treatment similar to that which is

required of Minnesota nursery ~~operators~~ stock growers, dealers, or agents who ship or sell nursery stock in such state. No reciprocity shall be extended under this section until the commissioner has first determined which states issue certificates to nursery ~~operators~~ stock growers, dealers, or agents of Minnesota on the same or similar basis as to nursery ~~operators~~ stock growers, dealers, or agents of such states.

Subd. 2. [FILING OUT-OF-STATE CERTIFICATES OF INSPECTION.] Each out-of-state nursery ~~operator~~ stock grower or dealer whose nursery stock is sold, offered for sale, or distributed within this state shall file a certified current copy of an out-of-state certificate in the office of the commissioner. The commissioner may accept, in lieu of such individual certificates, a certified list of current certified nursery ~~operators~~ stock growers or dealers from the regulatory agency having jurisdiction in the state of origin, and may distribute such lists to persons in the state of Minnesota requesting them. The commissioner also may supply certified lists of certified Minnesota nursery ~~operators~~ stock growers and dealers offering nursery stock for sale in Minnesota and other states on request of any person. If any certified nursery ~~operator~~ stock grower or dealer has violated any provisions of the plant pest act, the filed certificate will be voided or the ~~nursery operator's~~ person's name will be stricken from the appropriate certified list.

Sec. 10. Minnesota Statutes 1990, section 18.56, is amended to read:

18.56 [TAGS.]

A tag bearing a reasonable facsimile of the nursery stock grower or dealer certificate ~~of inspection~~ shall be attached to every package or bundle of nursery stock sold or transported by any person. The form of each tag shall be approved by the commissioner before being used.

Sec. 11. Minnesota Statutes 1990, section 18.57, is amended to read:

18.57 [CARRIERS NOT TO ACCEPT UNTAGGED STOCK.]

All carriers for hire, including railroad companies, express companies and truck lines shall not accept nursery stock which is not tagged with a valid tag of the nursery stock grower or dealer making the shipment. The carrier shall promptly notify the commissioner regarding any prohibited shipment.

Sec. 12. Minnesota Statutes 1990, section 18.60, is amended to read:

18.60 [PENALTIES.]

Subdivision 1. [CERTIFICATE ~~MAY BE REVOKED~~ REVOCATION.] In addition to or in lieu of civil penalties under subdivision 2, the certificate of any person violating any of the provisions of the plant pest act may be suspended or revoked by the commissioner ~~upon five days notice and opportunity to be heard~~.

Subd. 2. ~~[MISDEMEANOR.] Any person violating any of the provisions of the plant pest act, or any rule promulgated thereunder shall be guilty of a misdemeanor.~~ [CIVIL PENALTY.] The commissioner may impose a penalty upon a person who violates the plant pest act. For a first violation, the commissioner may impose a civil penalty of not less than $100 nor more than $1,000 for each act in violation. The penalty may not exceed $25,000. If a person is found guilty of the same violation a second time during a certificate year, the commissioner may impose a civil penalty of not less than $500 nor more than $5,000 for each act in violation. The penalty may not exceed $50,000. The penalty provisions for a second violation apply to successive violations. In determining the amount of the civil penalty to be assessed under this section, the commissioner shall consider the gravity of the offense, the size of the business involved, and the effect of the penalty on the person's ability to continue in business.

Subd. 3. [APPEAL.] A person adversely affected by an act, order, or ruling made under this section, or a rule adopted under the plant pest act, may appeal under chapter 14.

Subd. 4. [FAILURE TO OBEY.] Violations of an administrative order made under this section or a rule adopted under the plant pest act, must be punished by the district court under the laws of contempt. Each day of failure to obey an order of the commissioner is a separate violation and each violation of a particular act enjoined by the court is a separate violation.

Sec. 13. Minnesota Statutes 1990, section 27.19, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS.] (a) A person subject to the provisions of this section and sections 27.01 to 27.15 may not:

(1) operate or advertise to operate as a dealer at wholesale without a license;

(2) make any false statement or report as to the grade, condition, markings, quality, or quantity of produce, as defined in section 27.069, received or delivered, or act in any manner to deceive a consignor or purchaser;

(3) refuse to accept a shipment contracted for by the person, unless the refusal is based upon the showing of a state inspection certificate secured with reasonable promptness after the receipt of the shipment showing that the kind and quality of produce, as defined in section 27.069, is other than that purchased or ordered by the person;

(4) fail to account or make a settlement for produce within the required time;

(5) violate or fail to comply with the terms or conditions of a contract entered into by the person for the purchase or sale of produce;

(6) purchase for a person's own account any produce received on consignment, either directly or indirectly, without the consent of the consignor;

(7) issue a false or misleading market quotation, or cancel a quotation during the period advertised by the person;

(8) increase the sales charges on produce shipped to the person by means of "dummy" or fictitious sales;

(9) receive decorative forest products and the products of farms and waters from foreign states or countries for sale or resale, either within or outside of the state, and give the purchaser the impression, through any method of advertising or description, that the produce is of Minnesota origin;

(10) fail to notify in writing all suppliers of produce of the protection afforded to suppliers by the person's licensee bond, including: availability of a bond, notice requirements, and any other conditions of the bond;

(11) make a false statement to the commissioner on an application for license or bond or in response to written questions from the commissioner regarding the license or bond;

(12) commit to pay and not pay in full for all produce committed for. A processor may not commit to pay an amount less than the full contract price if the crop produced is satisfactory for processing and is not harvested for reasons within the processor's control. If the processor sets the date for planting, bunching, unusual yields, and a processor's inability or unwillingness to harvest must be considered to be within the processor's control. Under this clause growers must be compensated for passed acreage at the same rate for grade and yield as they would have received had the crop been harvested in a timely manner minus any contractual provision for green manure or

feed value. Both parties are excused from payment or performance for crop conditions that are beyond the control of the parties; or

(13) discriminate between different sections, localities, communities, or cities, or between persons in the same community, by purchasing produce from farmers of the same grade, quality, and kind, at different prices, except that price differentials are allowed if directly related to the costs of transportation, shipping, and handling of the produce and a person is allowed to meet the prices of a competitor in good faith, in the same locality for the same grade, quality, and kind of produce. A showing of different prices by the commissioner is prima facie evidence of discrimination.

(b) A separate violation occurs with respect to each different person involved, each purchase or transaction involved, and each false statement.

Sec. 14. Minnesota Statutes 1990, section 28A.08, is amended to read:

28A.08 [LICENSE FEES; PENALTIES.]

License fees, penalties for late renewal of licenses, and penalties for not obtaining a license before conducting business in food handling that are 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. The ~~late penalty~~ penalties may be waived by the commissioner.

Type of food handler	License Fee	Penalties: Late Renewal	Penalties: No License
1. Retail food handler			
(a) Having gross sales of less than ~~$50,000~~ $25,000 for the immediately previous license or fiscal year	~~$ 40~~ $ 50	~~$ 10~~ $ 15	~~$ 13~~ $ 25
(b) Having $25,000 to $50,000 gross sales for the immediately previous license or fiscal year	$ 75	$ 20	$ 50
~~(b)~~ (c) Having $50,000 to $250,000 gross sales for the immediately previous license or fiscal year	~~$ 75~~ $125	~~$ 25~~ $ 35	~~$ 25~~ $ 75

~~(c)~~ (d) Having $250,000 to $1,000,000 gross sales for the immediately previous license or fiscal year	~~$125~~ $200	$ 50	~~$ 50~~ $100
~~(d)~~ (e) Having ~~over~~ $1,000,000 to $5,000,000 gross sales for the immediately previous license or fiscal year	~~$250~~ $350	~~$ 75~~ $100	~~$100~~ $175
(f) Having $5,000,000 to $10,000,000 gross sales for the immediately previous license or fiscal year	$575	$150	$300
(g) Having over $10,000,000 gross sales for the immediately previous license or fiscal year	$600	$200	$350
2. Wholesale food handler (a) Having gross sales or service of less than $250,000 for the immediately previous license or fiscal year	~~$100~~ $200	~~$ 25~~ $ 50	~~$ 50~~ $100
(b) Having $250,000 to $1,000,000 gross sales or service for the immediately previous license or fiscal year	~~$150~~ $400	~~$ 38~~ $100	~~$ 75~~ $200
(c) Having ~~over~~ $1,000,000 to $5,000,000 gross sales or service for the immediately previous license or fiscal year	~~$200~~ $500	~~$ 50~~ $125	~~$100~~ $250
(d) Having over $5,000,000 gross sales for the immediately previous license or fiscal year	$575	$150	$300
3. Food broker	~~$ 75~~ $100	~~$ 25~~ $ 30	~~$ 25~~ $ 50
4. Wholesale food processor or manufacturer (a) Having gross sales of less than $250,000 for the immediately previous license or fiscal year	~~$200~~ $275	~~$ 50~~ $ 75	~~$ 75~~ $150
(b) Having $250,000 to $1,000,000 gross sales for the immediately previous license or fiscal year	~~$275~~ $400	~~$ 75~~ $100	~~$100~~ $200

(c) Having ~~over~~ $1,000,000 to $5,000,000 gross sales for the immediately previous license or fiscal year	~~$375~~ $500	~~$100~~ $125	~~$125~~ $250
(d) Having over $5,000,000 gross sales for the immediately previous license or fiscal year	$575	$150	$300
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 ~~of~~ or fiscal year	~~$100~~ $150	~~$ 25~~ $ 50	~~$ 38~~ $ 75
(b) Having $250,000 to $1,000,000 gross sales for the immediately previous license or fiscal year	~~$150~~ $225	~~$ 50~~ $ 75	~~$ 45~~ $125
(c) Having ~~over~~ $1,000,000 to $5,000,000 gross sales for the immediately previous license or fiscal year	~~$175~~ $275	~~$ 50~~ $ 75	~~$ 53~~ $150
(d) Having over $5,000,000 gross sales for the immediately previous license or fiscal year	$325	$100	$175
6. Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota farmstead cheese	$ 30	$ 10	$ 15
7. Nonresident frozen dairy manufacturer	$200	$ 50	$ 75

Sec. 15. Minnesota Statutes 1990, section 29.22, is amended to read:

29.22 [~~DEALERS~~ EGG HANDLERS ANNUAL INSPECTION FEE; DISPOSITION OF FEES.]

Subd. 2. [~~COMPUTATION; FEE SCHEDULE; RECORDS.~~] In addition to the annual ~~dealer's~~ food handler's license, required under section 28A.04, there ~~shall be~~ is an annual inspection fee applicable to every person who engages in the business of buying for resale, selling, ~~dealing,~~ or trading in eggs except a retail grocer who sells eggs previously candled and graded~~, such~~. The fee ~~to~~ must be

computed on the basis of the number of cases of shell eggs handled at each place of business during the ~~month of April of each year, providing that if said dealer or processor is not operating during the month of April, the department shall estimate the volume of shell eggs handled, and may revise the fee after three months of operation. In the event that~~ highest volume month of each licensing year. If a given lot of eggs is moved from one location of business to a second location of business and ~~provided that~~ the ~~dealers'~~ food handler's license is held by the same person at both locations, the given lot of eggs ~~shall~~ must be counted in determining the volume of business on which the inspection fee is based at the first location of business but ~~shall~~ must not enter into the computation of volume of business for the second location. For the purpose of determining fees, ~~a case shall be~~ "case" means one of 30 dozen capacity. The schedule of fees ~~shall be~~ is as follows:

~~VOLUME (30 DOZEN CASES) IN APRIL MINIMUM – MAXIMUM FEE~~

HIGHEST VOLUME OF CASES EACH LICENSING YEAR	FEE	
1 – ~~100~~ 50	~~$ 5~~ – $ 10	
51 – 100	$ 25	
~~101~~ – 1000	~~$ 10 – $ 25~~	$ 50
1001 – 2000	~~$ 25 – $ 50~~	$ 75
2001 – 4000	~~$ 50 – $ 75~~	$100
4001 – 6000	~~$ 75 – $100~~	$125
6001 – 8000	~~$100 – $125~~	$150
8001 – 10,000	~~$125 – $150~~	$200
OVER 10,000	~~$150 – $200~~	$250

~~The commissioner shall fix the annual inspection fee within the limits set herein and may annually adjust the fee, as the commissioner deems necessary, within those limits, to more nearly meet the costs of inspection required to enforce the provisions of sections 29.21 to 29.28.~~ Each person subject to ~~such~~ the inspection fee in this section shall, under the direction of the commissioner, keep ~~such~~ records ~~as may be~~ necessary to accurately determine the volume of shell eggs on which the inspection fee is due and shall prepare annually a written report of ~~such~~ the volume upon forms supplied by the commissioner. This report, together with the required inspection fee, ~~shall~~ must be filed with the department on or before the last day of May of each year.

Subd. 3. [CANDLERS AND GRADERS.] The commissioner ~~shall have~~ has general supervisory powers over the candlers and graders of eggs and may conduct, in collaboration with the ~~institute~~ college of agriculture and the extension service of the University of Minnesota, an educational and training program to improve the efficiency and quality of the work done by ~~such~~ candlers.

Subd. 4. [EGG BREAKING ~~PLANTS~~.] Any person engaged in the business of breaking eggs for resale shall at all times comply with the rules of the department in respect to the conduct of ~~such~~ that business. The commissioner shall collect from each egg breaking plant laboratory fees for routine analysis and full reimbursement for services performed by a state inspector assigned to that plant on a continuous basis ~~as provided for in~~ under section 29.27.

Subd. 5. [~~DEPOSIT~~ DISPOSITION OF FEES; ~~APPROPRIATION~~.] All fees collected~~, together with~~ and all fines paid for ~~any~~ a violation ~~of any provision~~ of sections 29.21 to 29.28 or ~~any~~ rules promulgated ~~thereunder~~ under those sections, as well as all license fees and penalties ~~for late license renewal, shall~~ must be deposited in the state treasury, and ~~shall be~~ credited to a separate account to be known as the egg law inspection fund, which is hereby created, set aside, and appropriated as a revolving fund to be used by the department to help defray the expense of inspection, supervision, and enforcement of sections 29.21 to 29.28 and ~~shall be~~ is in addition to and not in substitution for the sums regularly appropriated or otherwise made available for this purpose to the department.

Sec. 16. Minnesota Statutes 1990, section 31.39, is amended to read:

31.39 [ASSESSMENTS; INSPECTION SERVICES; COMMERCIAL CANNERIES ACCOUNT.]

The commissioner is hereby authorized and directed to collect from each commercial cannery an assessment for inspection and services furnished, and for maintaining a bacteriological laboratory and employing such bacteriologists and trained and qualified sanitarians as the commissioner may deem necessary. The assessment to be made on each commercial cannery, for each and every packing season, shall not exceed one-half cent per case on all foods packed, canned, or preserved therein, nor shall the assessment in any one calendar year to any one cannery exceed ~~$2,500~~ $3,000, and the minimum assessment to any cannery in any one calendar year shall be $100~~; provided, that the amount of the annual license fee collected under section 28A.08 shall be used to reduce the annual assessment for that year~~. The commissioner shall provide appropriate deductions from assessments for the net weight of meat, chicken, or turkey ingredients which have been inspected and passed for wholesomeness by the United States Department of Agriculture. The commissioner may, when the commissioner deems it advisable, graduate and reduce the assessment to such sum as is required to furnish the inspection and laboratory services rendered. The assessment made and the license fees, penalties, and other sums so collected shall be deposited in the state treasury, as other departmental receipts are deposited, but shall constitute a separate account to be known as the commercial canneries inspection account, which is hereby created, and together with moneys now remaining

in said account, set aside, and appropriated as a revolving fund, to meet the expense of special inspection, laboratory and other services rendered, as provided in sections 31.31 to 31.392. The amount of such assessment shall be due and payable on or before December 31, of each year, and if not paid on or before February 15 following, shall bear interest after that date at the rate of seven percent per annum, and a penalty of ten percent on the amount of the assessment shall also be added and collected.

Sec. 17. Minnesota Statutes 1990, section 32.394, subdivision 8, is amended to read:

Subd. 8. [GRADE A INSPECTION FEES.] A processor or marketing organization of milk, milk products, sheep milk, or goat milk who wishes to market Grade A milk or use the Grade A label must apply for Grade A inspection service from the commissioner. 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~~ $50 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~~ $25 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 meet the cost of the service, the commissioner may annually adjust the assessments within the limits set in this subdivision.~~ The Grade A farm inspection fee must not exceed the lesser of (1) 40 percent of the department's actual average cost per farm inspection or reinspection; or (2) the dollar limits set in this subdivision. No fee increase may be implemented until after the commissioner has held three or more public hearings.

Sec. 18. Minnesota Statutes 1990, 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 who wishes to market other than Grade A milk must apply for a manufacturing grade farm certification inspection from the commissioner. A manufacturing plant that pasteurizes milk or milk by-products 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~~ $25 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~~ a reinspection fee of no more than ~~$33~~ $25 must be paid by the processor or by the marketing organization on behalf of its patrons. The fee must be set by the commissioner in an amount necessary to ~~meet~~ cover 40 percent of the department's

actual cost of providing the ~~service~~ annual inspection but must not exceed the limits in this subdivision. No fee increase may be implemented until after the commissioner has held three or more public hearings.

Sec. 19. Minnesota Statutes 1990, section 32.394, is amended by adding a subdivision to read:

Subd. 8d. [PROCESSOR ASSESSMENT.] (a) A manufacturer shall pay to the commissioner a fee for fluid milk processed and milk used in the manufacture of fluid milk products sold in Minnesota. Beginning July 1, 1991, the fee is five cents per hundredweight. If the commissioner determines that a different fee, not exceeding nine cents per hundredweight, when combined with general fund appropriations and fees charged under sections 17 and 18, is needed to provide adequate funding for the Grades A and B inspection programs, the commissioner may, by rule, change the fee on processors.

(b) Processors must report quantities of milk processed under paragraph (a) on forms provided by the commissioner. Processor fees must be paid monthly. The commissioner may require the production of records as necessary to determine compliance with this subdivision.

Sec. 20. [CONTINUED LEVEL OF DAIRY FARM INSPECTIONS.]

Minnesota consumers of milk and dairy foods benefit from adequate supplies of pure, healthful, wholesome products. On-farm inspections contribute to the consistently high quality of dairy products. The commissioner of agriculture must continue dairy farm inspections at a level no lower than 1990.

Sec. 21. Laws 1987, chapter 396, article 6, section 2, is amended to read:

Sec. 2. [17.107] [MINNESOTA GROWN MATCHING ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] The Minnesota grown matching account is established as a separate account in the state treasury. The account shall be administered by the commissioner of agriculture as provided in this section.

Subd. 2. [FUNDING SOURCES.] The Minnesota grown matching account shall consist of contributions from private sources and appropriations.

Subd. 3. [APPROPRIATIONS MUST BE MATCHED BY PRIVATE FUNDS.] ~~(a)~~ Appropriations to the Minnesota grown match-

ing account may be expended only to the extent that they are matched with contributions to the account from private sources ~~as provided in paragraph (b) for fiscal years 1988 and 1989.~~

~~(b) Private contributions shall be matched~~ on a basis of ~~four dollars~~ $4 of the appropriation to each ~~one dollar~~ $1 of private contributions. Matching funds are not available after the appropriation is encumbered. ~~Private contributions made from January 1, 1987, until the end of fiscal year 1987 shall be matched by the appropriation for fiscal year 1988. Amounts that are not matched in fiscal year 1988 are available to be matched in fiscal year 1989.~~

Subd. 4. [EXPENDITURES.] The amount in the Minnesota grown matching account that is matched by private contributions and the private contributions are appropriated to the commissioner of agriculture for promotion of products using the Minnesota grown logo and labeling.

Sec. 22. [EFFECTIVE DATE.]

Section 13 is effective the day following final enactment and covers contracts for the 1991 crop year."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for environmental, natural resources, and agricultural purposes; regulating the amounts, impositions, and processing of various fees prescribed for various licenses issued and activities regulated by the departments of agriculture and natural resources; amending Minnesota Statutes 1990, sections 14.18; 16A.123, subdivision 5; 18.191; 18.46, subdivisions 6, 9, and by adding a subdivision; 18.49, subdivision 2; 18.51; 18.52, subdivisions 1 and 5; 18.54, subdivision 2; 18.55; 18.56; 18.57; 18.60; 27.19, subdivision 1; 28A.08; 29.22; 31.39; 32.394, subdivisions 8, 8b, and by adding a subdivision; 84.82, subdivisions 2 and 3; 84.944, subdivision 2; 84.96, subdivision 5; 85.012, by adding a subdivision; 85.015, by adding a subdivision; 85.22, subdivisions 1 and 2a; 86B.415, subdivisions 1, 2, 3, 4, 5, 6, and 7; 97A.075, subdivision 2; 97A.141, by adding a subdivision; 97A.325, subdivision 2; 97A.435, subdivision 2; 97A.475, subdivisions 2, 3, and 7; 97A.485, subdivision 7; 97B.301, by adding a subdivision; 97C.001, subdivision 3; 103B.321, subdivision 1; 116.07, subdivision 4d; 116.18, subdivision 2a; 116P.05; 116P.06; 116P.07; 116P.08, subdivisions 3 and 4; 116P.09, subdivisions 2, 4, 5, and 7; 168C.04, subdivision 1; and 473.844, subdivision 1a; Laws 1987, chapter 396, article 6, section 2; proposing coding for new law in Minnesota Statutes, chapter 88; repealing Minnesota Statutes 1990, sections 97B.721; and 116P.04, subdivision 5."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 493 was read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 83, 84, 226, 460, 588, 593, 765, 800, 880, 919, 950, 953, 998, 1027, 1032, 1050, 1128, 1129 and 1295 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Hasskamp introduced:

H. F. No. 1672, A bill for an act relating to taxation; allowing Crow Wing county to abate certain property taxes.

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

Osthoff and Scheid introduced:

H. F. No. 1673, A bill for an act relating to crime; providing for a neighborhood impact statement in presentence investigation reports; requiring notice to community residents, on request, when an offender is released from incarceration; amending Minnesota Statutes 1990, sections 609.115, subdivision 1; and 611A.06.

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

Bauerly and Koppendrayer introduced:

H. F. No. 1674, A bill for an act relating to highways; designating a portion of trunk highway No. 169 as Elmer L. Andersen scenic

highway; amending Minnesota Statutes 1990, section 161.14, by adding a subdivision.

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

HOUSE ADVISORIES

The following House Advisory was introduced:

Runbeck, McEachern, Leppik, Jaros and Dille introduced:

H. A. No. 17, A proposal to study math and science education in K-12 and post-secondary education programs.

The advisory was referred to the Committee on Education.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 41, A bill for an act relating to retirement; providing certain widow benefits for the Virginia firefighters relief association; providing for disposition of assets of the Virginia firefighters relief association under certain conditions; amending Laws 1974, chapter 183, section 3.

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. 806, A bill for an act relating to retirement; St. Paul teachers retirement fund association; special postretirement adjustment for certain pre-1978 retirees.

H. F. No. 954, A bill for an act relating to retirement; public employees retirement association; granting the equivalent of two

months maternity leave to a certain St. Louis county employee.

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. 132, A bill for an act relating to energy; improving energy efficiency by prohibiting incandescent lighting in certain exit signs; requiring amendments to building codes and standards to increase energy efficiency; requiring state agencies to use funds allocated for utility expenditures to buy nonincandescent bulbs; amending Minnesota Statutes 1990, sections 16B.61, subdivision 3; and 299F.011, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16B.

PATRICK E. FLAHAVEN, Secretary of the Senate

Dawkins moved that the House refuse to concur in the Senate amendments to H. F. No. 132, 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. 809, A bill for an act relating to counties; fixing various fees for documents; amending Minnesota Statutes 1990, sections 357.18, subdivision 1; 508.82; and 508A.82.

PATRICK E. FLAHAVEN, Secretary of the Senate

Olson, E., moved that the House refuse to concur in the Senate amendments to H. F. No. 809, 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. 244, A bill for an act relating to traffic regulations; regulating traffic safety concerning school buses and the safety of school children; providing penalties; amending Minnesota Statutes 1990, sections 169.01, subdivision 6; 169.45; 169.451; 171.07, by adding a subdivision; 171.17; and 171.18; proposing coding for new law in Minnesota Statutes, chapter 169; repealing Minnesota Statutes 1990, sections 169.44; and 169.64, subdivision 7.

PATRICK E. FLAHAVEN, Secretary of the Senate

Murphy moved that the House refuse to concur in the Senate amendments to H. F. No. 244, 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. 1179, A bill for an act relating to metropolitan government; directing the metropolitan council to conduct a study.

PATRICK E. FLAHAVEN, Secretary of the Senate

Orfield moved that the House refuse to concur in the Senate amendments to H. F. No. 1179, 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. 633, A bill for an act relating to watercraft; regulating the use and operation of personal watercraft; amending Minnesota Statutes 1990, section 86B.005, by adding subdivisions; proposing

coding for new law in Minnesota Statutes, chapter 86B.

PATRICK E. FLAHAVEN, Secretary of the Senate

Kinkel moved that the House refuse to concur in the Senate amendments to H. F. No. 633, 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. 246, A bill for an act relating to alcoholic beverages; allowing proof of age by means of a Canadian identification card; amending Minnesota Statutes 1990, section 340A.503, subdivision 6.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Tunheim moved that the House concur in the Senate amendments to H. F. No. 246 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 246, A bill for an act relating to alcoholic beverages; allowing proof of age by means of a Canadian identification card; amending Minnesota Statutes 1990, section 340A.503, subdivision 6.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bettermann	Dauner	Frerichs	Hasskamp
Anderson, I.	Bishop	Davids	Garcia	Haukoos
Anderson, R.	Blatz	Dawkins	Girard	Hausman
Anderson, R. H.	Bodahl	Dempsey	Goodno	Heir
Battaglia	Boo	Dille	Greenfield	Henry
Bauerly	Brown	Dorn	Gruenes	Hufnagle
Beard	Carlson	Erhardt	Gutknecht	Hugoson
Begich	Carruthers	Farrell	Hanson	Jacobs
Bertram	Cooper	Frederick	Hartle	Janezich

Jaros	Lourey	Olson, K.	Runbeck	Trimble
Jefferson	Lynch	Omann	Sarna	Tunheim
Jennings	Mariani	Onnen	Schafer	Uphus
Johnson, A.	Marsh	Orenstein	Scheid	Valento
Johnson, R.	McEachern	Orfield	Schreiber	Vellenga
Johnson, V.	McGuire	Osthoff	Seaberg	Wagenius
Kahn	McPherson	Ostrom	Segal	Waltman
Kalis	Milbert	Ozment	Simoneau	Weaver
Kelso	Morrison	Pauly	Skoglund	Wejcman
Kinkel	Munger	Pellow	Smith	Welker
Knickerbocker	Murphy	Pelowski	Solberg	Welle
Koppendrayer	Nelson, K.	Peterson	Sparby	Wenzel
Krueger	Nelson, S.	Pugh	Stanius	Winter
Lasley	Newinski	Reding	Steensma	Spk. Vanasek
Leppik	O'Connor	Rest	Sviggum	
Lieder	Ogren	Rice	Swenson	
Limmer	Olsen, S.	Rodosovich	Thompson	
Long	Olson, E.	Rukavina	Tompkins	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 274, A bill for an act relating to commerce; motor vehicle sales and distribution; regulating franchises; proscribing certain acts; providing remedies; amending Minnesota Statutes 1990, sections 80E.04, subdivision 1, and by adding a subdivision; 80E.05; 80E.06, subdivision 2; 80E.12; and 80E.13.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Sparby moved that the House concur in the Senate amendments to H. F. No. 274 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 274, A bill for an act relating to commerce; motor vehicle sales and distribution; regulating franchises; proscribing certain acts; providing remedies; amending Minnesota Statutes 1990, sections 80E.04, subdivision 1, and by adding a subdivision; 80E.05; 80E.06, subdivision 2; 80E.12; and 80E.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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kelso	Olsen, S.	Segal
Anderson, I.	Garcia	Kinkel	Olson, E.	Simoneau
Anderson, R.	Girard	Knickerbocker	Olson, K.	Skoglund
Anderson, R. H.	Goodno	Koppendrayer	Omann	Smith
Battaglia	Greenfield	Krueger	Onnen	Solberg
Bauerly	Gruenes	Lasley	Orenstein	Sparby
Beard	Gutknecht	Leppik	Orfield	Stanius
Begich	Hanson	Lieder	Osthoff	Steensma
Bertram	Hartle	Limmer	Ostrom	Sviggum
Bettermann	Hasskamp	Long	Ozment	Swenson
Blatz	Haukoos	Lourey	Pauly	Thompson
Bodahl	Hausman	Lynch	Pellow	Tompkins
Boo	Heir	Mariani	Pelowski	Trimble
Brown	Henry	Marsh	Peterson	Tunheim
Carlson	Hufnagle	McEachern	Pugh	Uphus
Carruthers	Hugoson	McGuire	Reding	Valento
Cooper	Jacobs	McPherson	Rest	Vellenga
Dauner	Janezich	Milbert	Rice	Wagenius
Davids	Jaros	Morrison	Rodosovich	Waltman
Dawkins	Jefferson	Munger	Rukavina	Weaver
Dempsey	Jennings	Murphy	Runbeck	Wejcman
Dille	Johnson, A.	Nelson, K.	Sarna	Welker
Dorn	Johnson, R.	Nelson, S.	Schafer	Welle
Erhardt	Johnson, V.	Newinski	Scheid	Wenzel
Farrell	Kahn	O'Connor	Schreiber	Winter
Frederick	Kalis	Ogren	Seaberg	Spk. 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. 415, A bill for an act relating to commerce; regulating farm equipment dealerships; amending Minnesota Statutes 1990, sections 325E.061, subdivisions 2, 4, and 5; 325E.063; 325E.064; 325E.068, subdivisions 2, 4, and 5; 325E.0682; and 325E.0683.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Sparby moved that the House concur in the Senate amendments to H. F. No. 415 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 415, A bill for an act relating to commerce; regulating farm equipment dealerships; amending Minnesota Statutes 1990, sections 325E.061, subdivisions 2, 4, and 5; 325E.063; 325E.064; 325E.068, subdivisions 2, 4, and 5; 325E.0682; and 325E.0683.

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:

Abrams	Frerichs	Kelso	Olsen, S.	Segal
Anderson, I.	Garcia	Kinkel	Olson, E.	Simoneau
Anderson, R.	Girard	Knickerbocker	Olson, K.	Skoglund
Anderson, R. H.	Goodno	Koppendrayer	Omann	Smith
Battaglia	Greenfield	Krueger	Onnen	Solberg
Bauerly	Gruenes	Lasley	Orenstein	Sparby
Beard	Gutknecht	Leppik	Orfield	Stanius
Begich	Hanson	Lieder	Osthoff	Steensma
Bertram	Hartle	Limmer	Ostrom	Sviggum
Bettermann	Hasskamp	Long	Ozment	Swenson
Blatz	Haukoos	Lourey	Pauly	Thompson
Bodahl	Hausman	Lynch	Pellow	Tompkins
Boo	Heir	Mariani	Pelowski	Trimble
Brown	Henry	Marsh	Peterson	Tunheim
Carlson	Hufnagle	McEachern	Pugh	Uphus
Carruthers	Hugoson	McGuire	Reding	Valento
Cooper	Jacobs	McPherson	Rest	Vellenga
Dauner	Janezich	Milbert	Rice	Wagenius
Davids	Jaros	Morrison	Rodosovich	Waltman
Dawkins	Jefferson	Munger	Rukavina	Weaver
Dempsey	Jennings	Murphy	Runbeck	Wejcman
Dille	Johnson, A.	Nelson, K.	Sarna	Welker
Dorn	Johnson, R.	Nelson, S.	Schafer	Welle
Erhardt	Johnson, V.	Newinski	Scheid	Wenzel
Farrell	Kahn	O'Connor	Schreiber	Winter
Frederick	Kalis	Ogren	Seaberg	Spk. 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. 832, A bill for an act relating to commerce; regulating heavy and utility equipment dealership agreements; providing for returns and repurchases under certain circumstances; providing remedies; amending Minnesota Statutes 1990, section 325E.0681, by adding subdivisions.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Sparby moved that the House concur in the Senate amendments to

H. F. No. 832 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 832, A bill for an act relating to commerce; regulating heavy and utility equipment dealership agreements; providing for returns and repurchases under certain circumstances; providing remedies; amending Minnesota Statutes 1990, section 325E.0681, by adding subdivisions.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kinkel	Olson, K.	Smith
Anderson, I.	Garcia	Knickerbocker	Omann	Solberg
Anderson, R.	Girard	Koppendrayer	Onnen	Sparby
Anderson, R. H.	Goodno	Krueger	Orenstein	Stanius
Battaglia	Greenfield	Lasley	Orfield	Steensma
Bauerly	Gruenes	Leppik	Osthoff	Sviggum
Beard	Gutknecht	Lieder	Ostrom	Swenson
Begich	Hanson	Limmer	Ozment	Thompson
Bertram	Hartle	Long	Pauly	Tompkins
Bettermann	Hasskamp	Lourey	Pellow	Trimble
Bishop	Haukoos	Lynch	Pelowski	Tunheim
Blatz	Hausman	Mariani	Peterson	Uphus
Bodahl	Heir	Marsh	Pugh	Valento
Boo	Henry	McEachern	Reding	Vellenga
Brown	Hufnagle	McGuire	Rest	Wagenius
Carlson	Hugoson	McPherson	Rice	Waltman
Carruthers	Jacobs	Milbert	Rodosovich	Weaver
Cooper	Janezich	Morrison	Rukavina	Wejcman
Dauner	Jaros	Munger	Runbeck	Welker
Davids	Jefferson	Murphy	Sarna	Welle
Dawkins	Jennings	Nelson, K.	Schafer	Wenzel
Dempsey	Johnson, A.	Nelson, S.	Scheid	Winter
Dille	Johnson, R.	Newinski	Schreiber	Spk. Vanasek
Dorn	Johnson, V.	O'Connor	Seaberg	
Erhardt	Kahn	Ogren	Segal	
Farrell	Kalis	Olsen, S.	Simoneau	
Frederick	Kelso	Olson, E.	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. 877, A bill for an act relating to game and fish; authorizing certain disabled permit holders to take deer of either sex; authorizing the commissioner to establish special seasons for

persons with a physical disability to take game with firearms and by archery; amending Minnesota Statutes 1990, section 97B.055, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 97B.

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. 877 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 877, A bill for an act relating to game and fish; authorizing the commissioner to establish special seasons for persons with a physical disability to take game with firearms and by archery; proposing coding for new law in Minnesota Statutes, chapter 97B.

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:

Abrams	Frerichs	Kinkel	Olson, K.	Smith
Anderson, I.	Garcia	Knickerbocker	Omann	Solberg
Anderson, R.	Girard	Koppendrayer	Onnen	Sparby
Anderson, R. H.	Goodno	Krueger	Orenstein	Stanius
Battaglia	Greenfield	Lasley	Orfield	Steensma
Bauerly	Gruenes	Leppik	Osthoff	Sviggum
Beard	Gutknecht	Lieder	Ostrom	Swenson
Begich	Hanson	Limmer	Ozment	Thompson
Bertram	Hartle	Long	Pauly	Tompkins
Bettermann	Hasskamp	Lourey	Pellow	Trimble
Bishop	Haukoos	Lynch	Pelowski	Tunheim
Blatz	Hausman	Mariani	Peterson	Uphus
Bodahl	Heir	Marsh	Pugh	Valento
Boo	Henry	McEachern	Reding	Vellenga
Brown	Hufnagle	McGuire	Rest	Wagenius
Carlson	Hugoson	McPherson	Rice	Waltman
Carruthers	Jacobs	Milbert	Rodosovich	Weaver
Cooper	Janezich	Morrison	Rukavina	Wejcman
Dauner	Jaros	Munger	Runbeck	Welker
Davids	Jefferson	Murphy	Sarna	Welle
Dawkins	Jennings	Nelson, K.	Schafer	Wenzel
Dempsey	Johnson, A.	Nelson, S.	Scheid	Winter
Dille	Johnson, R.	Newinski	Schreiber	Spk. Vanasek
Dorn	Johnson, V.	O'Connor	Seaberg	
Erhardt	Kahn	Ogren	Segal	
Farrell	Kalis	Olsen, S.	Simoneau	
Frederick	Kelso	Olson, E.	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. 620, A bill for an act relating to state lands; authorizing the sale of certain land in Cook county.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Battaglia moved that the House concur in the Senate amendments to H. F. No. 620 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 620, A bill for an act relating to state lands; authorizing the sale of certain land in Cook county; authorizing the private sale of certain state lands 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:

Abrams	Erhardt	Johnson, A.	Munger	Rice
Anderson, I.	Farrell	Johnson, R.	Murphy	Rodosovich
Anderson, R.	Frederick	Johnson, V.	Nelson, K.	Rukavina
Anderson, R. H.	Frerichs	Kahn	Nelson, S.	Runbeck
Battaglia	Garcia	Kalis	Newinski	Sarna
Bauerly	Girard	Kelso	O'Connor	Schafer
Beard	Goodno	Kinkel	Ogren	Scheid
Begich	Greenfield	Knickerbocker	Olsen, S.	Schreiber
Bertram	Gruenes	Koppendrayer	Olson, E.	Seaberg
Bettermann	Gutknecht	Krueger	Olson, K.	Segal
Bishop	Hanson	Lasley	Omann	Simoneau
Blatz	Hartle	Leppik	Onnen	Skoglund
Bodahl	Hasskamp	Lieder	Orenstein	Smith
Boo	Haukoos	Limmer	Orfield	Solberg
Brown	Hausman	Long	Osthoff	Sparby
Carlson	Heir	Lourey	Ostrom	Stanius
Carruthers	Henry	Lynch	Ozment	Steensma
Cooper	Hufnagle	Mariani	Pauly	Sviggum
Dauner	Hugoson	Marsh	Pellow	Swenson
Davids	Jacobs	McEachern	Pelowski	Thompson
Dawkins	Janezich	McGuire	Peterson	Tompkins
Dempsey	Jaros	McPherson	Pugh	Trimble
Dille	Jefferson	Milbert	Reding	Tunheim
Dorn	Jennings	Morrison	Rest	Uphus

Valento	Waltman	Welker	Winter
Vellenga	Weaver	Welle	Spk. Vanasek
Wagenius	Wejcman	Wenzel	

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. 179, A bill for an act relating to animals; prohibiting greyhound races using live lures and training of greyhound dogs for racing using live lures; proposing coding for new law in Minnesota Statutes, chapter 343.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Kelso moved that the House concur in the Senate amendments to H. F. No. 179 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 179, A bill for an act relating to animals; prohibiting greyhound races using live lures and training of greyhounds for racing using live lures; proposing coding for new law in Minnesota Statutes, chapter 343.

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:

Abrams	Carlson	Goodno	Jaros	Leppik
Anderson, I.	Carruthers	Greenfield	Jefferson	Lieder
Anderson, R.	Cooper	Gruenes	Jennings	Limmer
Anderson, R. H.	Dauner	Gutknecht	Johnson, A.	Long
Battaglia	Davids	Hanson	Johnson, R.	Lourey
Bauerly	Dawkins	Hartle	Johnson, V.	Lynch
Beard	Dempsey	Hasskamp	Kahn	Mariani
Begich	Dille	Haukoos	Kalis	Marsh
Bertram	Dorn	Hausman	Kelso	McEachern
Bettermann	Erhardt	Heir	Kinkel	McGuire
Bishop	Farrell	Henry	Knickerbocker	McPherson
Blatz	Frederick	Hufnagle	Koppendrayer	Milbert
Bodahl	Frerichs	Hugoson	Krinkie	Morrison
Boo	Garcia	Jacobs	Krueger	Munger
Brown	Girard	Janezich	Lasley	Murphy

Nelson, K.	Osthoff	Rukavina	Sparby	Wagenius
Nelson, S.	Ostrom	Runbeck	Stanius	Waltman
Newinski	Ozment	Sarna	Steensma	Weaver
O'Connor	Pauly	Schafer	Sviggum	Wejcman
Ogren	Pellow	Scheid	Swenson	Welker
Olsen, S.	Pelowski	Schreiber	Thompson	Welle
Olson, E.	Peterson	Seaberg	Tompkins	Wenzel
Olson, K.	Pugh	Segal	Trimble	Winter
Omann	Reding	Simoneau	Tunheim	Spk. Vanasek
Onnen	Rest	Skoglund	Uphus	
Orenstein	Rice	Smith	Valento	
Orfield	Rodosovich	Solberg	Vellenga	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

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

S. F. Nos. 417, 887, 871, 958 and 1071.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 417, A bill for an act relating to education; making noncontroversial clarifications and modifications to certain school district and department of education provisions; amending Minnesota Statutes 1990, sections 120.062, subdivisions 4 and 6; 120.0752, subdivision 2; 121.612, subdivisions 2 and 5; 122.23, subdivision 18; 123.932, subdivision 3; 124.14, subdivision 1; 124.155, subdivision 2; 124.195, subdivisions 2, 3, 3a, 10, and 11; 124.2139; 124.214, subdivisions 2 and 3; 124.244, subdivision 3; 124.83, subdivisions 1 and 5; 124A.036, subdivision 5; 124A.24; 124B.03, subdivision 2; 124C.03, subdivision 14; 124C.49; 125.12, subdivision 6b; 125.60, subdivision 3; 126.22, subdivision 4; 275.065, subdivision 6; 275.125, subdivisions 4, 11d, 18, and 20; 275.16; 297A.256; and 354.094, subdivision 1; and Laws 1991, chapter 2, article 2, section 2; repealing Minnesota Statutes 1990, sections 119.01; 119.02; 119.03; 119.04, subdivisions 1, 2, and 3; 119.05; 119.06; 119.07; 119.08; 119.09; 121.933, subdivision 2; 122.23, subdivision 17; 123.932, subdivision 4; 124A.02, subdivision 19; 124C.21; 275.125, subdivisions 1, 4a, and 8d; and 354.094, subdivisions 1a and 1b.

The bill was read for the first time.

Nelson, K., moved that S. F. No. 417 and H. F. No. 582, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 887, A bill for an act relating to economic development; creating a commission on economic development policy.

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

S. F. No. 871, A bill for an act relating to the city of New Brighton; permitting the city to acquire granular carbon without a bond.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 958, A bill for an act relating to state lands; authorizing sale of tax-forfeited lands and an easement in St. Louis county.

The bill was read for the first time.

Rukavina moved that S. F. No. 958 and H. F. No. 994, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1071, A bill for an act relating to higher education; creating the higher education board; merging the state university, community college, and technical college systems; appropriating money; amending Minnesota Statutes 1990, sections 15A.081, subdivision 7b; and 179A.10, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 136E.

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

CONSENT CALENDAR

Long moved that the bills on the Consent Calendar for today be continued. The motion prevailed.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Ogren requested immediate consideration of H. F. No. 1086.

H. F. No. 1086 was reported to the House.

Ogren offered an amendment to H. F. No. 1086, the first engrossment.

Knickerbocker requested a division of the Ogren amendment to H. F. No. 1086, the first engrossment.

The portion of the Ogren amendment to be voted upon first reads as follows:

Page 127, after line 31, insert:

"Sec. 28. Minnesota Statutes 1990, section 290.0802, subdivision 2, is amended to read:

Subd. 2. [SUBTRACTION.] (a) A qualified individual is allowed a subtraction from federal taxable income for the individual's subtraction base amount. The excess of the subtraction base amount over the taxable net income computed without regard to the subtraction for the elderly or disabled under section 290.01, subdivision 19b, clause (5), may be used to reduce the amount of a lump sum distribution subject to tax under section 290.032.

(b)(1) The initial subtraction base amount equals

(i) ~~$10,000~~ $12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

(ii) ~~$8,000~~ $9,600 for a single taxpayer, and

(iii) ~~$5,000~~ $6,000 for a married taxpayer filing a separate federal return.

(2) The qualified individual's initial subtraction base amount, then, must be reduced by the sum of nontaxable retirement and disability benefits and one-half of the amount of adjusted gross income in excess of the following thresholds:

(i) ~~$15,000~~ $18,000 for a married taxpayer filing a joint return if both spouses are qualified individuals,

(ii) ~~$12,000~~ $14,500 for a single taxpayer or for a married couple filing a joint return if only one spouse is a qualified individual, and

(iii) ~~$7,500~~ $9,000 for a married taxpayer filing a separate federal return.

(3) In the case of a qualified individual who is under the age of 65, the maximum amount of the subtraction base may not exceed the taxpayer's disability income.

(4) The resulting amount is the subtraction base amount."

Renumber the sections in article 5 in sequence

A roll call was requested and properly seconded.

The question was taken on the portion of the Ogren amendment to be voted upon first and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Garcia	Knickerbocker	Olson, E.	Smith
Anderson, I.	Girard	Koppendrayer	Olson, K.	Solberg
Anderson, R.	Goodno	Krinkie	Omann	Sparby
Anderson, R. H.	Greenfield	Krueger	Onnen	Stanius
Battaglia	Gruenes	Lasley	Orenstein	Steensma
Bauerly	Gutknecht	Leppik	Orfield	Sviggum
Beard	Hanson	Lieder	Osthoff	Swenson
Begich	Hartle	Limmer	Ostrom	Thompson
Bertram	Hasskamp	Long	Ozment	Tompkins
Bettermann	Haukoos	Lourey	Pauly	Trimble
Blatz	Hausman	Lynch	Pellow	Tunheim
Bodahl	Heir	Macklin	Pelowski	Uphus
Boo	Henry	Mariani	Peterson	Valento
Brown	Hufnagle	Marsh	Pugh	Vellenga
Carlson	Hugoson	McEachern	Reding	Wagenius
Carruthers	Jacobs	McGuire	Rest	Waltman
Cooper	Janezich	McPherson	Rice	Weaver
Dauner	Jaros	Milbert	Rodosovich	Wejcman
Davids	Jefferson	Morrison	Rukavina	Welker
Dawkins	Jennings	Munger	Runbeck	Welle
Dempsey	Johnson, A.	Murphy	Sarna	Wenzel
Dille	Johnson, R.	Nelson, K.	Schafer	Winter
Dorn	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	
Frederick	Kelso	Ogren	Simoneau	
Frerichs	Kinkel	Olsen, S.	Skoglund	

The motion prevailed and the amendment was adopted.

Olsen, S., requested a division of the remaining portion of the Ogren amendment to H. F. No. 1086, the first engrossment, as amended.

The first portion of the remaining portion of the Ogren amendment to H. F. No. 1086, the first engrossment, as amended, reads as follows:

Pages 19 and 20, delete section 14

A roll call was requested and properly seconded.

The question was taken on the first portion of the remaining portions of the Ogren amendment and the roll was called. There were 85 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Hanson	Long	Osthoff	Solberg
Anderson, R.	Hartle	Lourey	Ostrom	Sparby
Anderson, R. H.	Hasskamp	Mariani	Ozment	Steensma
Battaglia	Hausman	McEachern	Pelowski	Swenson
Bauerly	Jacobs	McGuire	Peterson	Thompson
Bertram	Janezich	Milbert	Pugh	Trimble
Bishop	Jaros	Munger	Reding	Tunheim
Bodahl	Jefferson	Murphy	Rest	Uphus
Brown	Jennings	Nelson, K.	Rice	Valento
Carlson	Johnson, A.	Nelson, S.	Rodosovich	Vellenga
Carruthers	Johnson, R.	Newinski	Rukavina	Wagenius
Cooper	Kahn	O'Connor	Runbeck	Waltman
Dauner	*Kalis*	Ogren	Sarna	Wejcman
Dawkins	Kelso	Olson, E.	Scheid	Welle
Dorn	Kinkel	Olson, K.	Segal	Wenzel
Farrell	Lasley	Orenstein	Simoneau	Winter
Greenfield	Lieder	Orfield	Skoglund	Spk. Vanasek

Those who voted in the negative were:

Abrams	Garcia	Johnson, V.	McPherson	Smith
Begich	Girard	Knickerbocker	Morrison	Stanius
Bettermann	Goodno	Koppendrayer	Olsen, S.	Sviggum
Blatz	Gruenes	Krinkie	Omann	Tompkins
Davids	Gutknecht	Krueger	Onnen	Weaver
Dempsey	Haukoos	Leppik	Pauly	Welker
Dille	Heir	Limmer	Pellow	
Erhardt	Henry	Lynch	Schafer	
Frederick	Hufnagle	Macklin	Schreiber	
Frerichs	Hugoson	Marsh	Seaberg	

The motion prevailed and the amendment was adopted.

The remaining portion of the Ogren amendment to H. F. No. 1086, the first engrossment, as amended, reads as follows:

Page 9, line 12, delete "or increased"

Page 9, delete line 20 and insert "each city's, county's, town's, and special taxing district's aid shall be increased proportionately."

Page 12, line 32, after the third "the" insert "speaker shall, in consultation with the"

Page 12, line 33, delete "shall, in consultation"

Page 12, line 34, delete "with the speaker"

Page 12, line 35, after the first "The" insert "senate majority leader shall, in consultation with the"

Page 12, line 36, delete the new language up to and including "shall"

Page 18, line 6, after the period, insert "If a municipality imposes a franchise fee under this section, the fee must be imposed at the same rate on each public utility furnishing natural, manufactured, or mixed gas or electricity in the municipality."

Page 20, line 13, delete "15" and insert "14"

Page 20, line 18, delete "16" and insert "15"

Page 20, line 22, delete everything after the period

Page 20, delete lines 23 and 24

Page 34, line 18, after the period insert "In order for property to be eligible for homestead treatment under this paragraph, occupants of the property must have incomes no greater than 60 percent of the county or area median income."

Page 50, after line 5, insert:

"(g) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 13 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph."

Page 55, line 2, after "section" insert "and section 275.60"

Page 55, after line 6, insert:

"This section does not apply to a school district bond election if the

debt service payments are to be made entirely from transfers of revenue from the capital fund to the debt service fund."

Page 55, line 8, before "Any" insert "For local governmental subdivisions other than school districts,"

Page 55, line 10, delete everything after the comma

Page 55, line 11, delete "124A.03, subdivision 29,"

Page 55, line 13, after the period insert "For school district referenda under section 124A.03, subdivision 2a, the amount approved shall be levied against the market value of all taxable property within the school district."

Page 92, line 11, delete "a regional railroad"

Page 92, line 12, delete "authority" and insert "the applicant"

Page 97, line 4, after "the" insert "affected"

Page 97, line 5, delete "authority" and insert "authorities"

Page 97, line 9, after the period insert "In reviewing the application the council must consider the information submitted to it under section 473.3994, subdivision 9."

Page 98, after line 6, insert:

"Sec. 24. [SPECIAL SERVICE DISTRICT; CITY OF CROOKSTON.]

Subdivision 1. [SPECIAL SERVICES DEFINED.] For purposes of this section, "special services" means all services rendered or contracted for by the city of Crookston, including, but not limited to:

(1) the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) parking services rendered or contracted for by the city; and

(3) any other service or improvement provided by the city or development authority that is authorized by law or charter.

Subd. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.] If approved by the voters under subdivision 4, the governing body of the city of Crookston may adopt an ordinance establishing a special service district to be operated by the Crookston development author-

ity. Minnesota Statutes, chapter 428A, governs the establishment and operation of special service districts in the city.

Subd. 3. [SPECIAL SERVICE DISTRICT LEVY.] After establishing the special service district under subdivision 2, the city may levy in 1991, payable in 1992 and thereafter, an annual amount not to exceed $100,000 on the taxable property in the city of Crookston. This amount is not subject to the city's levy limitations in Minnesota Statutes, sections 275.50 to 275.56.

Subd. 4. [REFERENDUM ON PROPERTY TAX LEVY.] Before the governing body of the city of Crookston exercises the authority granted in subdivision 2 and levies under subdivision 3, an election shall be held on the question of levying the tax. The election shall be held in the manner provided in Minnesota Statutes, section 375.20. If the referendum under this section is held on a day other than the first Tuesday after the first Monday in November, it must be conducted by mail in accordance with section 204B.46. The notice shall be prepared and delivered by first class mail at least 20 days before the referendum.

Subd. 5. [LOCAL APPROVAL; EFFECTIVE DATE.] Subdivisions 1 through 4 are effective the day after approval by the governing body of the city of Crookston and its compliance with Minnesota Statutes, section 645.021, subdivision 3."

Page 98, line 7, delete "24" and insert "25"

Page 98, line 10, delete "25" and insert "26"

Page 146, line 14, delete "29 and 30" and insert "30 and 31"

Page 146, line 15, delete "42 to 44" and insert "43 to 45"

Page 175, after line 1, insert:

"Sec. 5. Minnesota Statutes 1990, section 289A.60, subdivision 15, is amended to read:

Subd. 15. [ACCELERATED PAYMENT OF JUNE SALES TAX LIABILITY; PENALTY FOR UNDERPAYMENT.] If a vendor is required by law to submit an estimation of June sales tax liabilities and one-half payment by a certain date, and the vendor fails to remit the balance due by the date required, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of: (1) 45 percent of the actual June liability, ~~or~~ (2) 50 percent of the preceding May's liability, or (3) 50 percent of the average monthly liability for the previous calendar year."

Renumber remaining sections in article 7

Page 201, line 5, after the period, insert "Section 5 is effective for the June accelerated payment made in 1992 and thereafter."

Page 201, line 5, delete everything after the first "to" and insert "4, 6, 8 to 12, 18, 22, and 28 are"

Page 201, line 6, delete "25" and insert "26"

Page 201, line 10, delete everything after "sections" and insert "7, 15, 17, 20,"

Page 201, line 11, delete "25" and insert "26"

Page 201, line 11, delete "26, 28, and 35" and insert "27, 29, and 36"

Page 201, line 12, delete "12" and insert "13"

Page 201, line 13, delete "15" and insert "16"

Page 201, line 14, delete "22" and insert "23"

Page 201, line 15, delete "24" and insert "25"

Page 201, line 16, delete "18" and insert "19"

Page 201, line 17, delete "29" and insert "30"

Page 201, line 19, delete "13 and 20" and insert "14 and 21"

Page 209, delete section 11

Renumber the sections in article 8 in sequence

Page 222, line 35, delete "26, and 27" and insert "25, and 26"

Page 223, line 1, delete "13, and 19" and insert "12, and 18"

Page 223, line 2, delete "25" and insert "24"

Page 281, line 9, delete "paid" and insert "filed"

Page 285, line 29, after "1" insert "and 3"

Page 285, line 30, after the period insert "Section 2 is effective for aids paid in 1992 and thereafter."

Pages 327 to 342, delete article 17

Renumber remaining articles in sequence

Amend the title as follows:

Page 1, line 46, delete "274.19, subdivision 3"

Page 2, line 1, delete "275.07, subdivisions 1 and 4;"

Page 2, line 5, delete "subdivisions" and insert "subdivision"; delete "and 3"

Page 2, line 6, delete "276.10; 276.11, subdivision 1;" and delete "278.03"

Page 2, line 7, delete "278.05, subdivision 5;" and delete everything after "subdivisions" and insert "1 and 2"

Page 2, line 8, delete "by adding subdivisions"

Page 2, line 20, after "12," insert "15,"

Page 2, line 26, delete "subdivision 1" and insert "subdivisions 1 and 2"

Page 2, line 37, delete "subdivisions" and insert "a subdivision"

Page 3, line 18, delete "sections 9, subdivision 1; and" and insert "section"

Page 3, line 23, delete "276.09;"

Page 3, line 24, delete "276.111;"

Page 3, line 25, delete "279.01,"

Page 3, line 26, delete "subdivisions 1, 2, and 3;"

A roll call was requested and properly seconded.

The question was taken on the remaining portion of the Ogren amendment and the roll was called. There were 129 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kalis	O'Connor	Segal
Anderson, I.	Frerichs	Kelso	Ogren	Simoneau
Anderson, R.	Garcia	Kinkel	Olsen, S.	Skoglund
Anderson, R. H.	Girard	Knickerbocker	Olson, E.	Smith
Battaglia	Goodno	Koppendrayer	Olson, K.	Solberg
Bauerly	Greenfield	Krueger	Omann	Sparby
Beard	Gruenes	Lasley	Onnen	Stanius
Begich	Gutknecht	Leppik	Orenstein	Steensma
Bertram	Hanson	Lieder	Orfield	Sviggum
Bettermann	Hartle	Limmer	Osthoff	Swenson
Bishop	Hasskamp	Long	Ostrom	Thompson
Blatz	Haukoos	Lourey	Ozment	Tompkins
Bodahl	Hausman	Lynch	Pauly	Trimble
Boo	Heir	Macklin	Pellow	Tunheim
Brown	Henry	Mariani	Pelowski	Uphus
Carlson	Hufnagle	Marsh	Peterson	Valento
Carruthers	Hugoson	McEachern	Pugh	Vellenga
Cooper	Jacobs	McGuire	Reding	Wagenius
Dauner	Janezich	McPherson	Rest	Waltman
Davids	Jaros	Milbert	Rice	Weaver
Dawkins	Jefferson	Morrison	Rodosovich	Wejcman
Dempsey	Jennings	Munger	Rukavina	Welle
Dille	Johnson, A.	Murphy	Sarna	Wenzel
Dorn	Johnson, R.	Nelson, K.	Schafer	Winter
Erhardt	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Farrell	Kahn	Newinski	Seaberg	

Those who voted in the negative were:

Krinkie	Schreiber	Welker

The motion prevailed and the amendment was adopted.

Hasskamp; Beard; Rukavina; Begich; Olson, K.; Smith; Kinkel; Morrison; Stanius; Sparby; Valento; Bodahl; Battaglia; Wenzel; Goodno; Waltman; Dempsey; Hartle; Thompson; Dorn; Welle; Blatz; Bettermann; Krueger; Peterson; Tunheim; Johnson, V.; Johnson, R.; Haukoos; Boo; Frederick; Cooper; Solberg; Sviggum; Lourey and Jennings moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 18, delete lines 30 to 36

Page 19, delete lines 1 through 5

Renumber remaining sections in article 2

Page 20, delete section 15

Page 20, line 19, delete "12" and insert "11"

Page 20, line 20, delete "13" and insert "12"

Page 20, line 22, delete "14" and insert "13"

Amend the title as follows:

Page 2, line 71, delete "subdivisions 3 and 7" and insert "subdivision 7"

A roll call was requested and properly seconded.

Carruthers, McGuire, Vellenga, Mariani, Skoglund, Wejcman, Wagenius, Abrams and Scheid moved to amend the Hasskamp et al amendment to H. F. No. 1086, the first engrossment, as amended, as follows:

Page 1, of the Hasskamp et al amendment, delete line 5 and insert:

"Page 20, after line 12, insert:

"Sec. 14. [CITIES OR TOWNS IN HENNEPIN AND RAMSEY COUNTIES; LODGING TAX PROCEEDS.]

Notwithstanding the provisions of Minnesota Statutes, section 469.190, subdivision 3, the proceeds of a tax imposed under Minnesota Statutes, section 469.190, subdivision 1, by a statutory or home rule charter city or town located in Hennepin or Ramsey county may be used for any purpose otherwise permitted by law."

Page 1, of the Hasskamp et al amendment, line 6, after "11" insert "and 14"

Renumber the sections in article 2 in sequence

A roll call was requested and properly seconded.

The question was taken on the Carruthers et al amendment to the Hasskamp et al amendment and the roll was called. There were 74 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Abrams	Greenfield	Lieder	Olson, K.	Segal
Battaglia	Gutknecht	Long	Orenstein	Simoneau
Bauerly	Hanson	Lourey	Orfield	Skoglund
Beard	Hausman	Mariani	Osthoff	Sparby
Begich	Jacobs	McEachern	Ostrom	Steensma
Brown	Janezich	McGuire	Pelowski	Trimble
Carlson	Jaros	Milbert	Peterson	Tunheim
Carruthers	Jefferson	Munger	Pugh	Vellenga
Cooper	Jennings	Murphy	Reding	Wagenius
Dauner	Johnson, A.	Nelson, K.	Rest	Weaver
Dawkins	Kahn	Nelson, S.	Rice	Wejcman
Dille	Kalis	O'Connor	Rodosovich	Welle
Dorn	Kelso	Ogren	Rukavina	Winter
Farrell	Lasley	Olsen, S.	Sarna	Spk. Vanasek
Garcia	Leppik	Olson, E.	Scheid	

Those who voted in the negative were:

Anderson, I.	Frerichs	Johnson, V.	Newinski	Stanius
Anderson, R.	Girard	Kinkel	Omann	Sviggum
Anderson, R. H.	Goodno	Knickerbocker	Onnen	Swenson
Bertram	Gruenes	Koppendrayer	Ozment	Thompson
Bettermann	Hartle	Krinkie	Pauly	Tompkins
Blatz	Hasskamp	Krueger	Pellow	Uphus
Bodahl	Haukoos	Limmer	Runbeck	Valento
Boo	Heir	Lynch	Schafer	Waltman
Davids	Henry	Macklin	Schreiber	Welker
Dempsey	Hufnagle	Marsh	Seaberg	Wenzel
Erhardt	Hugoson	McPherson	Smith	
Frederick	Johnson, R.	Morrison	Solberg	

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Hasskamp et al amendment, as amended, and the roll was called. There were 98 yeas and 35 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Girard	Kelso	Nelson, S.	Solberg
Anderson, R.	Goodno	Kinkel	Newinski	Sparby
Anderson, R. H.	Greenfield	Koppendrayer	O'Connor	Stanius
Battaglia	Gruenes	Krueger	Omann	Steensma
Bauerly	Gutknecht	Lasley	Onnen	Sviggum
Begich	Hartle	Lieder	Orfield	Swenson
Bertram	Hasskamp	Limmer	Ozment	Thompson
Bettermann	Haukoos	Lourey	Pellow	Tompkins
Bishop	Hausman	Lynch	Pelowski	Tunheim
Blatz	Heir	Macklin	Peterson	Uphus
Bodahl	Henry	Mariani	Pugh	Valento
Boo	Hufnagle	Marsh	Reding	Wagenius
Carlson	Hugoson	McEachern	Rest	Waltman
Carruthers	Janezich	McGuire	Rodosovich	Weaver
Cooper	Jaros	McPherson	Rukavina	Wejcman
Dauner	Johnson, A.	Milbert	Runbeck	Welle
Davids	Johnson, R.	Morrison	Sarna	Wenzel
Dille	Johnson, V.	Munger	Schafer	Winter
Dorn	Kahn	Murphy	Schreiber	
Frederick	Kalis	Nelson, K.	Seaberg	

Those who voted in the negative were:

Abrams	Frerichs	Krinkie	Orenstein	Simoneau
Beard	Garcia	Leppik	Osthoff	Skoglund
Brown	Hanson	Long	Ostrom	Smith
Dawkins	Jacobs	Ogren	Pauly	Trimble
Dempsey	Jefferson	Olsen, S.	Rice	Vellenga
Erhardt	Jennings	Olson, E.	Scheid	Welker
Farrell	Knickerbocker	Olson, K.	Segal	Spk. Vanasek

The motion prevailed and the amendment, as amended, was adopted.

Welle; Bertram; Rest; Long; Olson, K.; Kalis; Bauerly; Lasley;

Lieder; Tunheim; Dorn; Pelowski; Nelson, S.; Reding; Cooper; Rodosovich; Steensma; Janezich; Peterson; Johnson, R.; Winter; Dauner; Bodahl; Thompson; Sparby and Dille moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 77, line 28, strike "clause" and insert "clauses"

Page 78, line 1, after "(a)" insert "and (b)"

Page 87, line 2, after the stricken "years" insert "three percent for taxes levied in 1991 and subsequent years, excluding cities of the first class;

(b) in the case of cities of the first class,"

Page 87, line 6, strike "(b)" and insert "(c)"

A roll call was requested and properly seconded.

The question was taken on the Welle et al amendment and the roll was called. There were 100 yeas and 33 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Goodno	Kelso	Nelson, S.	Simoneau
Anderson, R. H.	Greenfield	Kinkel	Newinski	Skoglund
Battaglia	Gruenes	Koppendrayer	Ogren	Solberg
Bauerly	Gutknecht	Krueger	Olson, E.	Sparby
Beard	Hanson	Lasley	Olson, K.	Stanius
Bertram	Hartle	Leppik	Omann	Steensma
Bettermann	Hasskamp	Lieder	Onnen	Sviggum
Bishop	Haukoos	Long	Ostrom	Swenson
Bodahl	Hausman	Lourey	Ozment	Thompson
Boo	Hugoson	Lynch	Pelowski	Tompkins
Brown	Jacobs	Macklin	Peterson	Trimble
Carlson	Janezich	Mariani	Pugh	Tunheim
Cooper	Jaros	Marsh	Reding	Uphus
Dauner	Jefferson	McEachern	Rest	Valento
Dempsey	Jennings	McGuire	Rice	Waltman
Dille	Johnson, A.	McPherson	Rodosovich	Weaver
Dorn	Johnson, R.	Milbert	Rukavina	Wejcman
Frederick	Johnson, V.	Munger	Runbeck	Welle
Garcia	Kahn	Murphy	Schafer	Winter
Girard	Kalis	Nelson, K.	Schreiber	Spk. Vanasek

Those who voted in the negative were:

Abrams	Erhardt	Krinkie	Osthoff	Smith
Anderson, I.	Farrell	Limmer	Pauly	Vellenga
Begich	Frerichs	Morrison	Pellow	Wagenius
Blatz	Heir	O'Connor	Sarna	Welker
Carruthers	Henry	Olsen, S.	Scheid	Wenzel
Davids	Hufnagle	Orenstein	Seaberg	
Dawkins	Knickerbocker	Orfield	Segal	

The motion prevailed and the amendment was adopted.

Johnson, R.; Osthoff; Stanius; Swenson; Lynch; Rukavina; Boo; Munger; Krueger; McGuire; Battaglia; Solberg; Kalis; Waltman; Schreiber; Reding; Garcia; Jacobs; Wagenius; Nelson, S.; Bishop; Cooper; Marsh; Sviggum; Omann; Valento; Weaver; Scheid; Anderson, R.; Dempsey; Peterson; Heir; Uphus; Sparby; Olsen, S.; Kahn; Long; Hasskamp; Schafer; Nelson, K.; Johnson, V.; Pellow; Runbeck; Pugh; Beard; Sarna; Milbert; Wejcman and Steensma moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Pages 133 and 134, delete section 33 and insert:

"Sec. 33. Minnesota Statutes 1990, section 290.431, is amended to read:

290.431 [NONGAME WILDLIFE ~~CHECKOFF~~ AND FOODSHELF CHECKOFFS.]

Subdivision 1. [CHECKOFF AUTHORIZED.] Every individual who files an income tax return or property tax refund claim form may designate on their original return that $1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid either into an account to be established for the management of nongame wildlife or into the foodshelf account, or both. The commissioner of revenue shall, on the income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their tax or refund shall be paid into either the nongame wildlife management account or the foodshelf account, or both.

Subd. 2. [DEPOSIT OF MONEY.] The sum of the amounts so designated to be paid shall be credited to the nongame wildlife management account for use by the nongame program of the section of wildlife in the department of natural resources and to the foodshelf account established under section 1.

Subd. 3. [NONGAME WILDLIFE ACCOUNT.] All interest earned on money accrued in the nongame wildlife management account shall be credited to the account by the state treasurer. The commissioner of natural resources shall submit a work program for each fiscal year and semiannual progress reports to the legislative commission on Minnesota resources in the form determined by the commission. None of the money provided in this section may be expended unless the commission has approved the work program.

Subd. 4. [STATE PLEDGE.] The state pledges and agrees with all contributors to the nongame wildlife management account to use the funds contributed solely for the management of nongame wildlife projects and further agrees that it will not impose additional

conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of nongame wildlife.

The state further pledges that all money given to the foodshelf programs will be used for foodshelf programs for needy people in Minnesota.

Subd. 5. [INFORMATION ON SOURCE.] The commissioner shall annually report to the foodshelf account distribution board the amount of the contributions to that account designated on the tax returns of residents of each county.

Subd. 6. [LIMITATIONS ON CHECKOFFS.] (a) No more than two tax checkoffs may be included on income tax returns and property tax refund forms for any taxable year.

(b) Beginning with the third taxable year when a tax checkoff for contributions for a specific purpose is included on the tax form, if the contributions designated for a tax year equal less than $300,000, the checkoff program for that purpose will terminate and that checkoff will no longer be included on the income tax returns and property tax refund forms for subsequent years."

A roll call was requested and properly seconded.

The question was taken on the Johnson, R., et al amendment and the roll was called. There were 130 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abrams	Dille	Jaros	Mariani	Ostrom
Anderson, I.	Dorn	Jefferson	Marsh	Ozment
Anderson, R.	Erhardt	Jennings	McEachern	Pauly
Anderson, R. H.	Farrell	Johnson, A.	McGuire	Pellow
Battaglia	Frederick	Johnson, R.	McPherson	Pelowski
Bauerly	Frerichs	Johnson, V.	Milbert	Peterson
Beard	Garcia	Kahn	Morrison	Pugh
Begich	Girard	Kalis	Munger	Reding
Bertram	Goodno	Kelso	Murphy	Rest
Bettermann	Gruenes	Kinkel	Nelson, K.	Rodosovich
Bishop	Gutknecht	Knickerbocker	Nelson, S.	Rukavina
Blatz	Hanson	Koppendrayer	Newinski	Runbeck
Bodahl	Hartle	Krinkie	O'Connor	Sarna
Boo	Hasskamp	Krueger	Ogren	Schafer
Brown	Haukoos	Lasley	Olsen, S.	Scheid
Carlson	Hausman	Leppik	Olson, E.	Schreiber
Carruthers	Heir	Lieder	Olson, K.	Seaberg
Cooper	Henry	Limmer	Omann	Segal
Dauner	Hufnagle	Long	Onnen	Simoneau
Davids	Hugoson	Lourey	Orenstein	Skoglund
Dawkins	Jacobs	Lynch	Orfield	Smith
Dempsey	Janezich	Macklin	Osthoff	Solberg

Sparby	Swenson	Tunheim	Wagenius	Welker
Stanius	Thompson	Uphus	Waltman	Welle
Steensma	Tompkins	Valento	Weaver	Wenzel
Sviggum	Trimble	Vellenga	Wejcman	Winter

Those who voted in the negative were:

Greenfield	Rice	Spk. Vanasek

The motion prevailed and the amendment was adopted.

Reding moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Pages 194 and 195, delete section 30

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 Reding amendment and the roll was called. There were 56 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Frerichs	Johnson, A.	Newinski	Solberg
Anderson, R. H.	Girard	Kalis	Olsen, S.	Steensma
Beard	Goodno	Kelso	Olson, K.	Sviggum
Begich	Hanson	Krinkie	Orfield	Tunheim
Bertram	Hartle	Lasley	Ostrom	Uphus
Blatz	Hasskamp	Lieder	Pauly	Waltman
Brown	Haukoos	Lourey	Peterson	Welker
Carlson	Heir	Lynch	Reding	Welle
Dauner	Henry	Macklin	Rice	
Davids	Hufnagle	McEachern	Rukavina	
Dempsey	Hugoson	Morrison	Sarna	
Farrell	Jacobs	Nelson, S.	Seaberg	

Those who voted in the negative were:

Abrams	Dille	Jefferson	Limmer	Olson, E.
Anderson, R.	Dorn	Jennings	Long	Omann
Battaglia	Erhardt	Johnson, V.	Mariani	Onnen
Bettermann	Frederick	Kahn	Marsh	Orenstein
Bishop	Garcia	Kinkel	McPherson	Osthoff
Bodahl	Greenfield	Knickerbocker	Milbert	Ozment
Boo	Gruenes	Koppendrayer	Munger	Pellow
Carruthers	Gutknecht	Krueger	Murphy	Pelowski
Cooper	Hausman	Leppik	Ogren	Pugh

Rest	Schreiber	Stanius	Valento	Wenzel
Rodosovich	Segal	Swenson	Vellenga	Winter
Runbeck	Simoneau	Thompson	Wagenius	Spk. Vanasek
Schafer	Skoglund	Tompkins	Weaver	
Scheid	Smith	Trimble	Wejcman	

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

Onnen; Olsen, S.; Stanius; Dempsey; McPherson; Welker; Abrams; Valento; Heir and Limmer moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 14, line 29, delete "two" and insert "1.5"

Page 14, line 33, delete "0.165" and insert "0.124"

Page 115, line 33, delete everything after "$79,120," and insert "8.2 percent"

Page 115, line 34, delete the new language

Page 116, line 20, delete everything after "$44,750," and insert "8.2 percent"

Page 116, line 21, delete the new language

Page 117, line 2, delete everything after "$67,390," and insert "8.2 percent"

Page 117, line 3, delete the new language

Pages 127 and 128, delete section 28

Page 136, line 8, delete "nine" and insert "8.2"

Page 138, line 5, delete "nine" and insert "8.2"

Page 176, lines 29 to 32, delete the new language

Page 178, line 11, delete the semicolon and insert a period

Page 176, delete lines 12 to 19

Page 183, delete sections 11 and 12

Page 190, delete section 21

Pages 192 and 193, delete section 27

Pages 204 to 207, delete sections 6 and 7

Page 222, delete section 41

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 Onnen et al amendment and the roll was called. There were 51 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Koppendrayer	Omann	Sviggum
Anderson, R. H.	Goodno	Krinkie	Onnen	Swenson
Bettermann	Gruenes	Leppik	Ozment	Tompkins
Blatz	Hartle	Limmer	Pauly	Valento
Boo	Haukoos	Lynch	Pellow	Waltman
Davids	Heir	Macklin	Runbeck	Weaver
Dempsey	Henry	Marsh	Schafer	Welker
Dille	Hufnagle	McPherson	Schreiber	
Erhardt	Hugoson	Morrison	Seaberg	
Frederick	Johnson, V.	Newinski	Smith	
Frerichs	Knickerbocker	Olsen, S.	Stanius	

Those who voted in the negative were:

Anderson, I.	Garcia	Krueger	Olson, K.	Simoneau
Anderson, R.	Greenfield	Lasley	Orenstein	Skoglund
Battaglia	Hanson	Lieder	Orfield	Solberg
Bauerly	Hasskamp	Long	Osthoff	Sparby
Beard	Hausman	Lourey	Ostrom	Steensma
Begich	Jacobs	Mariani	Pelowski	Thompson
Bertram	Janezich	McEachern	Peterson	Trimble
Bodahl	Jaros	McGuire	Pugh	Tunheim
Brown	Jefferson	Milbert	Reding	Vellenga
Carlson	Jennings	Munger	Rest	Wagenius
Carruthers	Johnson, A.	Murphy	Rice	Wejcman
Cooper	Johnson, R.	Nelson, K.	Rodosovich	Welle
Dauner	Kahn	Nelson, S.	Rukavina	Wenzel
Dawkins	Kalis	O'Connor	Sarna	Winter
Dorn	Kelso	Ogren	Scheid	Spk. Vanasek
Farrell	Kinkel	Olson, E.	Segal	

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

Carruthers and Bodahl moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 88, line 24, after "debt" insert "(i)"

Page 88, line 25, after "1991," insert "(ii)"

Page 88, line 26, after "1991," delete "or bonds" and insert "(iii)"

Page 88, line 27, before the period insert ", or (iv) issued to acquire or construct land, improvements, materials or equipment if binding contracts were entered into for the acquisition or construction before May 20, 1991, or (v) issued for street and related improvements where the land on which all or part of the improvements will be constructed was acquired by the city after January 1, 1989 and before May 20, 1991 and the expenditures for the acquisition exceeded $2,500,000"

The motion prevailed and the amendment was adopted.

Jennings; Ogren; Bertram; Vanasek; Dempsey; Hartle; Nelson, S.; Welle; Peterson; Schafer; Johnson, V.; Lasley; Cooper; Runbeck; Dorn; Dille; Dauner; Kelso; Bodahl and Olson, K., moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 184, after line 17, insert:

"Sec. 14. [297A.161] [REIMBURSEMENT FOR COSTS OF COMPLYING WITH TAX CHANGES.]

Subdivision 1. [DEFINITION.] As used in this subdivision, "cash register" means a cash register used by the retailer to compute the correct tax on the date the new tax or tax increase took effect and that could not have been used to compute the correct tax on that date unless adjustments or modifications were made to it.

Subd. 2. [APPLICATION FOR REFUND.] Within six months after a tax imposed under chapter 297A takes effect for the first time or the effective date of an increase in the rate of a tax under chapter 297A, a retailer required to collect the tax may apply to the commissioner of revenue for a refund of a portion of the tax required to be paid. The refund is in consideration of the costs incurred by or charges to the retailer for modifications or adjustments that were necessary to enable the correct tax to be computed at the retailer's cash registers.

Subd. 3. [REFUND AMOUNT.] The total refund paid to a retailer under this section shall be determined as follows:

(a) If the retailer has one place of business and one cash register, the refund equals the lesser of (1) $150 or (2) the actual cost incurred by the retailer in making the modifications or adjustments.

(b) If the retailer has one place of business and more than one cash register at that place of business, the refund equals the lesser of (1) $100 multiplied by the number of cash registers or (2) the actual cost incurred by the retailer in making the modifications or adjustments.

(c) If the retailer has more than one place of business, each place of business must be considered separately in determining the refund to which the retailer is entitled under this section.

Subd. 4. [ALLOWANCE OF REFUND.] The application must be in the form prescribed by the commissioner by rule. Within nine months of the filing of the application, the commissioner shall certify the amount of the refund allowed to the retailer. The refund shall be treated as payment of sales that the retailer has collected and remitted and paid to the state on a transaction that is not taxable under chapter 297A as provided by section 289A.50, subdivision 2."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Sviggum, Stanius, Valento, Frerichs, Limmer, McPherson, Hugoson, Seaberg, Pellow, Omann, Girard, Runbeck, Weaver and Abrams moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 351, after line 31, insert:

"ARTICLE 19

BUDGET RESERVE

Section 1. Minnesota Statutes 1990, 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~~ the amount projected in the prior official forecast, and that the amount available for the ~~remainder of the biennium~~ current budget period 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.

(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.

(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.

(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 1990, 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 shall transfer to the budget and cash flow reserve account such amounts as are available to bring the total amount, including any existing balance in the account on June 30, ~~1989~~ 1991, to ~~$550,000,000~~ $400,000,000. The amounts restricted shall remain in the account until drawn down under subdivision 1 or increased under section 16A.1541."

Renumber the remaining article

Amend the title as follows:

Page 1, line 22, after the first semicolon, insert "setting the budget reserve amount;"

Page 1, line 24, after the second semicolon, insert "16A.15, subdivisions 1 and 6;"

A roll call was requested and properly seconded.

The Speaker called Krueger to the Chair.

The question was taken on the Sviggum et al amendment and the roll was called. There were 53 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Knickerbocker	Olsen, S.	Stanius
Anderson, R. H.	Goodno	Koppendrayer	Omann	Sviggum
Bettermann	Gruenes	Krinkie	Onnen	Swenson
Blatz	Gutknecht	Leppik	Ozment	Tompkins
Boo	Hartle	Limmer	Pauly	Uphus
Davids	Haukoos	Lynch	Pellow	Valento
Dempsey	Heir	Macklin	Runbeck	Waltman
Dille	Henry	Marsh	Schafer	Weaver
Erhardt	Hufnagle	McPherson	Schreiber	Welker
Frederick	Hugoson	Morrison	Seaberg	
Frerichs	Johnson, V.	Newinski	Smith	

Those who voted in the negative were:

Anderson, I.	Garcia	Lasley	Orenstein	Skoglund
Anderson, R.	Greenfield	Lieder	Orfield	Solberg
Battaglia	Hanson	Long	Osthoff	Sparby
Bauerly	Hasskamp	Lourey	Ostrom	Steensma
Beard	Hausman	Mariani	Pelowski	Thompson
Begich	Jacobs	McEachern	Peterson	Trimble
Bertram	Janezich	McGuire	Pugh	Tunheim
Bodahl	Jaros	Milbert	Reding	Vellenga
Brown	Jefferson	Munger	Rest	Wagenius
Carlson	Jennings	Murphy	Rice	Wejcman
Carruthers	Johnson, A.	Nelson, K.	Rodosovich	Welle
Cooper	Kahn	Nelson, S.	Rukavina	Wenzel
Dauner	Kalis	O'Connor	Sarna	Winter
Dawkins	Kelso	Ogren	Scheid	Spk. Vanasek
Dorn	Kinkel	Olson, E.	Segal	
Farrell	Krueger	Olson, K.	Simoneau	

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

Tunheim, Valento, Boo and Steensma moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Pages 20 and 21, delete section 1

Renumber the sections in article 3 in sequence

Correct internal references

Amend the title as follows:

Page 1, line 15, delete "changing certain"

Page 1, line 16, delete "eminent domain powers;"

Page 3, line 19, delete "117;"

A roll call was requested and properly seconded.

The question was taken on the Tunheim et al amendment and the roll was called. There were 38 yeas and 93 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	Hufnagle	Newinski	Swenson
Anderson, R. H.	Frerichs	Hugoson	Omann	Thompson
Bettermann	Girard	Kalis	Pellow	Tunheim
Boo	Gruenes	Koppendrayer	Schafer	Valento
Davids	Gutknecht	Krinkie	Seaberg	Waltman
Dempsey	Hanson	Marsh	Stanius	Welker
Dille	Hartle	McPherson	Steensma	
Erhardt	Haukoos	Murphy	Sviggum	

Those who voted in the negative were:

Abrams	Greenfield	Lieder	Onnen	Segal
Anderson, I.	Hausman	Limmer	Orenstein	Simoneau
Battaglia	Heir	Long	Orfield	Skoglund
Bauerly	Henry	Lourey	Osthoff	Smith
Beard	Jacobs	Lynch	Ostrom	Solberg
Begich	Janezich	Macklin	Ozment	Sparby
Bertram	Jaros	Mariani	Pauly	Tompkins
Blatz	Jefferson	McEachern	Pelowski	Trimble
Bodahl	Jennings	McGuire	Peterson	Uphus
Brown	Johnson, A.	Milbert	Pugh	Vellenga
Carlson	Johnson, R.	Morrison	Reding	Wagenius
Carruthers	Johnson, V.	Munger	Rest	Weaver
Cooper	Kahn	Nelson, K.	Rice	Wejcman
Dauner	Kelso	Nelson, S.	Rodosovich	Welle
Dawkins	Kinkel	O'Connor	Rukavina	Wenzel
Dorn	Knickerbocker	Ogren	Runbeck	Winter
Farrell	Krueger	Olsen, S.	Sarna	Spk. Vanasek
Garcia	Lasley	Olson, E.	Scheid	
Goodno	Leppik	Olson, K.	Schreiber	

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

Runbeck moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 296, after line 10, insert:

"Sec. 6. [STUDY.]

The department of revenue shall study the issue of taxation of manufactured homes and report its specific recommendations to the legislature by January 1, 1992. The department shall include recommendations on the creation and enforcement of tax liens on manufactured homes. The department shall consult with the appropriate committees of the legislature and the Minnesota state bar association in conducting this study."

Page 296, line 16, delete "6" and insert "5, and 7" and after the period insert "Section 6 is effective the day following final enactment."

Renumber the section in article 13 in sequence

The motion prevailed and the amendment was adopted.

Valento; Olsen, S.; Smith; Krinkie; Waltman; McPherson; Goodno; Anderson, R. H.; Sviggum; Hugoson; Johnson, V.; Tompkins; Omann; Erhardt; Gruenes; Henry; Pellow; Limmer; Frerichs; Schafer; Bettermann; Lynch; Pauly; Heir; Welker; Marsh; Haukoos; Leppik; Newinski; Seaberg; Koppendrayer; Frederick; Hufnagle; Davids and Runbeck moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 14, line 29, delete "two" and insert "1.5"

Page 14, line 33, delete "0.165" and insert "0.124"

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

The question was taken on the Valento et al amendment and the roll was called. There were 53 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Knickerbocker	Olsen, S.	Stanius
Anderson, R. H.	Goodno	Koppendrayer	Omann	Sviggum
Bettermann	Gruenes	Krinkie	Onnen	Swenson
Blatz	Gutknecht	Leppik	Ozment	Tompkins
Boo	Hartle	Limmer	Pauly	Uphus
Davids	Haukoos	Lynch	Pellow	Valento
Dempsey	Heir	Macklin	Runbeck	Waltman
Dille	Henry	Marsh	Schafer	Weaver
Erhardt	Hufnagle	McPherson	Schreiber	Welker
Frederick	Hugoson	Morrison	Seaberg	
Frerichs	Johnson, V.	Newinski	Smith	

Those who voted in the negative were:

Anderson, I.	Greenfield	Lasley	Orenstein	Skoglund
Battaglia	Hanson	Lieder	Orfield	Solberg
Bauerly	Hasskamp	Long	Osthoff	Sparby
Beard	Hausman	Lourey	Ostrom	Steensma
Begich	Jacobs	Mariani	Pelowski	Thompson
Bertram	Janezich	McEachern	Peterson	Trimble
Bodahl	Jaros	McGuire	Pugh	Tunheim
Brown	Jefferson	Milbert	Reding	Vellenga
Carlson	Jennings	Munger	Rest	Wagenius
Carruthers	Johnson, A.	Murphy	Rice	Wejcman
Cooper	Johnson, R.	Nelson, K.	Rodosovich	Welle
Dauner	Kahn	Nelson, S.	Rukavina	Wenzel
Dawkins	Kalis	O'Connor	Sarna	Winter
Dorn	Kelso	Ogren	Scheid	Spk. Vanasek
Farrell	Kinkel	Olson, E.	Segal	
Garcia	Krueger	Olson, K.	Simoneau	

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

Ogren moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 115, line 22, to page 117, line 3, delete the new language and reinstate the stricken language

Pages 117 and 118, delete section 19

Pages 122 and 123, delete sections 22 and 23

Pages 126 and 127, delete section 26

Pages 127 and 128, delete section 28

Page 136, line 8, delete "nine" and insert "eight"

Page 138, line 5, delete "nine" and insert "eight"

Page 139, line 18, delete "nine" and insert "eight"

Page 140, line 30, delete "nine" and insert "eight"

Page 145, delete section 46

Page 176, lines 29 to 32, delete the new language

Page 178, line 7, after the semicolon insert "and"

Page 178, line 11, delete the semicolon and insert a period

Page 178, delete lines 12 to 19

Page 180, delete section 7

Pages 182 and 183, delete sections 10 to 12

Page 190, delete section 21

Pages 192 and 193, delete section 27

Pages 204 to 207, delete sections 6 to 8

Page 222, delete section 41

Page 327, after line 4, insert:

"ARTICLE 17

CIGARETTE TAX AND SALES

Section 1. Minnesota Statutes 1990, 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~~ 31 mills on each such cigarette;

(2) On cigarettes weighing more than three pounds per thousand, ~~38~~ 62 mills on each such cigarette.

Sec. 2. Minnesota Statutes 1990, section 297.03, subdivision 5, is amended to read:

Subd. 5. [SALE OF STAMPS.] The commissioner shall sell stamps to any person licensed as a distributor at a discount of ~~1.25~~ .8 percent from the face amount of the stamps for the first $1,500,000 of such stamps purchased in any fiscal year; and at a discount of ~~.75~~ .5 percent on the remainder of such stamps purchased in any fiscal year. The commissioner shall not sell stamps to any other person. The commissioner may prescribe the method of shipment of the stamps to the distributor as well as the quantities of stamps purchased.

Sec. 3. Minnesota Statutes 1990, 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 ~~35~~ 60 percent of the wholesale sales price of such tobacco products. 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. 4. Minnesota Statutes 1990, 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 ~~35~~ 60 percent of the cost of such tobacco products.

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. 5. Minnesota Statutes 1990, section 297.35, subdivision 1, is amended to read:

Subdivision 1. On or before the 18th 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 ~~1.5~~ one percent of such liability as compensation to reimburse

the distributor for expenses incurred in the administration of sections 297.31 to 297.39.

Sec. 6. [FLOOR STOCKS TAX.]

Subdivision 1. [CIGARETTES.] A floor stocks tax is imposed on every person engaged in business in this state as a distributor, retailer, subjobber, vendor, manufacturer, or manufacturer's representative of cigarettes, on the stamped cigarettes in the person's possession or under the person's control at 12:01 a.m. on July 1, 1991. The tax is imposed at the following rates:

(1) on cigarettes weighing not more than three pounds a thousand, 12 mills on each cigarette;

(2) on cigarettes weighing more than three pounds a thousand, 24 mills on each cigarette.

Each distributor, by July 8, 1991, 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, 1991, and the amount of tax due on them. The tax imposed by this section is due and payable by August 1, 1991, and after that date bears interest at the rate of one percent a month.

Each retailer, subjobber, vendor, manufacturer, or manufacturer's representative shall file a return with the commissioner, in the form the commissioner prescribes, showing the cigarettes on hand at 12:01 a.m. on July 1, 1991, and pay the tax due thereon by August 1, 1991. Tax not paid by the due date bears interest at the rate of one percent a month.

Subd. 2. [AUDIT AND ENFORCEMENT.] The tax imposed by this section is subject to the audit, assessment, and collection provisions applicable to the taxes imposed under chapter 297C. The commissioner may require a distributor to receive and maintain copies of floor stocks tax returns filed by all persons requesting a credit for returned cigarettes.

Subd. 3. [DEPOSIT OF PROCEEDS.] The revenue from the tax imposed under this section shall be deposited by the commissioner in the state treasury and credited to the general fund.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective July 1, 1991.

ARTICLE 18

ALCOHOLIC BEVERAGE TAX

Section 1. Minnesota Statutes 1990, section 297C.01, is amended by adding a subdivision to read:

Subd. 6. [BARREL.] A "barrel" of fermented malt beverages is equal to 31 gallons.

Sec. 2. Minnesota Statutes 1990, section 297C.01, is amended by adding a subdivision to read:

Subd. 7. [VALUE.] "Value" is the highest gross sales price received by a taxable seller from the sale of a similarly packaged container of the same product during the taxable period, not including the tax imposed by this chapter. No deduction for discounts or any other item is allowed in determining value, except that a deduction is allowed for transportation charges from the taxable seller's location to the buyer's place of business if the transportation charges are separately stated.

Sec. 3. Minnesota Statutes 1990, section 297C.02, is amended to read:

297C.02 [TAX IMPOSED.]

Subdivision 1. [DISTILLED SPIRITS ~~AND WINE~~.] There is imposed ~~on all~~ an excise tax of 18.2 percent on the value of each container of distilled spirits ~~and wine manufactured,~~ imported, sold, or possessed in this state. ~~the following excise tax:~~

	~~Standard~~	~~Metric~~
~~(a) Distilled spirits, liqueurs, cordials, and specialties regardless of alcohol content (excluding ethyl alcohol)~~	~~$5.03 per gallon~~	~~$1.33 per liter~~
~~(b) Wine containing 14 percent or less alcohol by volume~~	~~$.30 per gallon~~	~~$.08 per liter~~
~~(c) Wine containing more than 14 percent but not more than 21 percent alcohol by volume~~	~~$.95 per gallon~~	~~$.25 per liter~~

~~(d) Wine containing more than 21 percent but not more than 24 percent alcohol by volume~~	~~$1.82 per gallon~~	~~$.48 per liter~~
~~(e) Wine containing more than 24 percent alcohol by volume~~	~~$3.52 per gallon~~	~~$.93 per liter~~
~~(f) Natural and artificial sparkling wines containing alcohol~~	~~$1.82 per gallon~~	~~$.48 per liter~~

~~The metric tax is imposed on all products taxable under this subdivision when the net contents are stated in metric units of measure.~~

~~In computing the tax on a package of distilled spirits or wine a proportional tax at a like rate on all fractional parts of a gallon or liter must be paid, except that the tax on a fractional part of a gallon less than 1/16 of a gallon is the same as for 1/16 of a gallon.~~

~~The tax on miniatures of two fluid ounces or less or 50 milliliters or less is 14 cents.~~

~~The commissioner of revenue may establish by rule a date and procedure for the conversion of excise tax computation and reporting from rates expressed in gallons to rates expressed in metric volumes. The official conversion factor is one liter equals 0.264172 United States gallons.~~

Subd. 2. [WINE.] There is imposed an excise tax of 5.7 percent on the value of each container of wine imported, sold, or possessed in this state, provided that the tax imposed under this subdivision shall be in an amount that is no less than 26 cents per liter or 99 cents per gallon.

Subd. 3. [FERMENTED MALT BEVERAGES.] There is imposed an excise tax of 15.6 percent on the ~~direct or indirect sale of fermented malt beverages the following excise tax:~~

~~(1) On fermented malt beverages containing not more than 3.2 percent alcohol by weight, $2.40 per barrel of 31 gallons;~~

~~(2) On fermented malt beverages containing more than 3.2 percent alcohol by weight, $4.60 per barrel of 31 gallons.~~

~~The tax is at a proportional rate for fractions of a barrel of 31 gallons~~ value of each individual container of fermented malt beverages containing seven or more gallons which is directly or indirectly sold in this state.

There is imposed an excise tax of 7.2 percent on the value of each container of fermented malt beverages containing less than seven gallons which is directly or indirectly sold in this state.

Subd. ~~3.~~ 4. [TAX CREDIT.] A qualified brewer producing fermented malt beverages is entitled to a tax credit ~~of $4.60 per barrel~~ equal to the tax payable on the first 25,000 taxable barrels sold in any fiscal year beginning July 1, regardless of ~~the alcohol content of~~ how the product is packaged. ~~Qualified brewers may take the credit on the 18th day of each month, but the total credit allowed may not exceed in any fiscal year the lesser of (a) the liability for tax or (b) $115,000.~~

For purposes of this subdivision, a "qualified brewer" means a brewer, whether or not located in this state, manufacturing less than 100,000 barrels of fermented malt beverages in the calendar year immediately preceding the calendar year for which the credit under this subdivision is claimed. In determining the number of barrels, all brands or labels of a brewer must be combined. All facilities for the manufacture of fermented malt beverages owned or controlled by the same person, corporation, or other entity must be treated as a single brewer.

~~Subd. 4. [BOTTLE TAX.] A tax of one cent is imposed on each bottle or container of distilled spirits and wine. The wholesaler is responsible for the payment of this tax when the bottles of distilled spirits and wine are removed from inventory for sale, delivery, or shipment.~~

~~The following are exempt from the tax:~~

~~(1) miniatures of distilled spirits and wines;~~

~~(2) containers of fermented malt beverage;~~

~~(3) containers of intoxicating liquor or wine holding less than 200 milliliters;~~

~~(4) containers of wine intended exclusively for sacramental purposes;~~

~~(5) containers of alcoholic beverages sold to qualified, approved military clubs;~~

~~(6) containers of alcoholic beverages sold to common carriers engaged in interstate commerce;~~

~~(7) containers of alcoholic beverages sold to authorized food processors or pharmaceutical firms for use exclusively in the manufacturing of food products or medicines;~~

~~(8) containers of alcoholic beverages sold and shipped to dealers, wineries, or distillers in other states; and~~

~~(9) containers of alcoholic beverages sold to other Minnesota wholesalers.~~

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective July 1, 1991."

Renumber the articles and sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

POINT OF ORDER

Abrams raised a point of order pursuant to section 401 of "Mason's Manual of Legislative Procedure" relating to frivolous and improper amendments. The Speaker ruled the point of order not well taken and the Ogren amendment in order.

CALL OF THE HOUSE

On the motion of Onnen and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abrams	Farrell	Johnson, A.	Milbert	Reding
Anderson, I.	Frederick	Johnson, R.	Morrison	Rest
Anderson, R. H.	Frerichs	Johnson, V.	Munger	Rice
Battaglia	Garcia	Kahn	Nelson, K.	Rodosovich
Bauerly	Girard	Kalis	Nelson, S.	Rukavina
Beard	Goodno	Kelso	Newinski	Runbeck
Bertram	Greenfield	Kinkel	O'Connor	Sarna
Bettermann	Gruenes	Knickerbocker	Olsen, S.	Schafer
Bishop	Gutknecht	Koppendrayer	Olson, E.	Scheid
Blatz	Hanson	Krinkie	Olson, K.	Schreiber
Bodahl	Hartle	Krueger	Omann	Seaberg
Boo	Hasskamp	Leppik	Onnen	Segal
Brown	Haukoos	Lieder	Orenstein	Simoneau
Carlson	Hausman	Limmer	Orfield	Skoglund
Carruthers	Heir	Lourey	Osthoff	Smith
Cooper	Henry	Lynch	Ostrom	Solberg
Dauner	Hufnagle	Macklin	Ozment	Sparby
Davids	Hugoson	Mariani	Pauly	Stanius
Dawkins	Jacobs	Marsh	Pellow	Steensma
Dempsey	Janezich	McEachern	Pelowski	Sviggum
Dorn	Jefferson	McGuire	Peterson	Swenson
Erhardt	Jennings	McPherson	Pugh	Thompson

Tompkins	Uphus	Wagenius	Wejcman	Wenzel
Trimble	Valento	Waltman	Welker	Winter
Tunheim	Vellenga	Weaver	Welle	

Long moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

The question recurred on the Ogren amendment and the roll was called.

Long moved that those not voting be excused from voting. The motion prevailed.

There were 3 yeas and 129 nays as follows:

Those who voted in the affirmative were:

Gutknecht	Onnen	Sviggum

Those who voted in the negative were:

Abrams	Frederick	Kelso	O'Connor	Segal
Anderson, I.	Frerichs	Kinkel	Ogren	Simoneau
Anderson, R.	Garcia	Knickerbocker	Olsen, S.	Skoglund
Anderson, R. H.	Girard	Koppendrayer	Olson, E.	Smith
Battaglia	Goodno	Krinkie	Olson, K.	Solberg
Bauerly	Greenfield	Krueger	Omann	Sparby
Beard	Gruenes	Lasley	Orenstein	Stanius
Begich	Hanson	Leppik	Orfield	Steensma
Bertram	Hartle	Lieder	Osthoff	Swenson
Bettermann	Hasskamp	Limmer	Ostrom	Thompson
Bishop	Haukoos	Long	Ozment	Tompkins
Blatz	Hausman	Lourey	Pauly	Trimble
Bodahl	Heir	Lynch	Pellow	Tunheim
Boo	Henry	Macklin	Pelowski	Uphus
Brown	Hufnagle	Mariani	Peterson	Valento
Carlson	Hugoson	Marsh	Pugh	Vellenga
Carruthers	Jacobs	McEachern	Reding	Wagenius
Cooper	Janezich	McGuire	Rest	Waltman
Dauner	Jaros	McPherson	Rodosovich	Weaver
Davids	Jefferson	Milbert	Rukavina	Wejcman
Dawkins	Jennings	Morrison	Runbeck	Welker
Dempsey	Johnson, A.	Munger	Sarna	Welle
Dille	Johnson, R.	Murphy	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, K.	Scheid	Winter
Erhardt	Kahn	Nelson, S.	Schreiber	Spk. Vanasek
Farrell	Kalis	Newinski	Seaberg	

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

CALL OF THE HOUSE LIFTED

Long moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

Abrams, Knickerbocker, Smith, Krinkie, Frerichs and Heir moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 115, line 33, delete everything after "$79,120," and insert "8.2 percent"

Page 115, line 34, delete the new language

Page 116, line 20, delete everything after "$44,750," and insert "8.2 percent"

Page 116, line 21, delete the new language

Page 117, line 2, delete everything after "$67,390," and insert "8.2 percent"

Page 117, line 3, delete the new language

Pages 127 and 128, delete section 28

Page 136, line 8, delete "nine" and insert "8.2"

Page 138, line 5, delete "nine" and insert "8.2"

Renumber the sections in article 5 in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Abrams et al amendment and the roll was called. There were 54 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Abrams	Goodno	Knickerbocker	Olsen, S.	Smith
Anderson, R. H.	Gruenes	Koppendrayer	Omann	Stanius
Bettermann	Gutknecht	Krinkie	Onnen	Sviggum
Blatz	Hanson	Leppik	Osthoff	Swenson
Boo	Hartle	Limmer	Ozment	Tompkins
Davids	Haukoos	Lynch	Pauly	Uphus
Dempsey	Heir	Macklin	Pellow	Valento
Erhardt	Henry	Marsh	Runbeck	Waltman
Frederick	Hufnagle	McPherson	Schafer	Weaver
Frerichs	Hugoson	Morrison	Schreiber	Welker
Girard	Johnson, V.	Newinski	Seaberg	

Those who voted in the negative were:

Anderson, I.	Farrell	Krueger	Olson, K.	Solberg
Anderson, R.	Garcia	Lasley	Orenstein	Sparby
Battaglia	Greenfield	Lieder	Orfield	Steensma
Bauerly	Hasskamp	Long	Pelowski	Thompson
Beard	Hausman	Lourey	Peterson	Trimble
Begich	Jacobs	Mariani	Pugh	Tunheim
Bertram	Janezich	McEachern	Reding	Vellenga
Bodahl	Jaros	McGuire	Rest	Wagenius
Brown	Jefferson	Milbert	Rice	Wejcman
Carlson	Jennings	Munger	Rodosovich	Welle
Carruthers	Johnson, A.	Murphy	Rukavina	Wenzel
Cooper	Johnson, R.	Nelson, K.	Sarna	Winter
Dauner	Kahn	Nelson, S.	Scheid	Spk. Vanasek
Dawkins	Kalis	O'Connor	Segal	
Dille	Kelso	Ogren	Simoneau	
Dorn	Kinkel	Olson, E.	Skoglund	

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

Johnson, R.; Kinkel; Hasskamp and Wenzel moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 21, line 21, before the period insert "or a state trail covered by section 85.015"

The motion prevailed and the amendment was adopted.

Ogren moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 359, line 35, delete "annually appropriated" and insert "available upon appropriation"

The motion prevailed and the amendment was adopted.

Knickerbocker; Olsen, S.; Blatz; Haukoos; Limmer; McPherson; Smith; Waltman; Henry; Frerichs and Krinkie moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 71, after line 9, insert:

"Sec. 49. [RESIDENTIAL HOMESTEADS; NO MARKET VALUE INCREASES.]

(a) Notwithstanding Minnesota Statutes, section 273.11, or any law to the contrary, after determining the market value for the 1991 assessment of property classified class 1, the assessor shall compare the market value with the market value determined in the preceding assessment. Notwithstanding any law to the contrary, the

assessor's estimated market value for taxes levied in 1991, payable in 1992, must not exceed the assessor's estimated market value for taxes levied in 1990, payable in 1992.

(b) Any increase in value in excess of the amount determined in paragraph (a) must be entered equally in the three subsequent assessment years. An excess amount entered under this paragraph is not subject to the limitation in paragraph (a).

(c) This section does not apply to increases in value attributable to improvements made to the property. It does not apply to property becoming subject to taxation since the last assessment.

(d) The limitation contained in this section also applies to the local boards of review under Minnesota Statutes, section 274.01, the county boards of equalization under Minnesota Statutes, section 274.13, and the state board of equalization and the commissioner of revenue under Minnesota Statutes, sections 270.11, 270.12, and 270.16. Increases by the assessor, the boards, and the commissioner must be entered in subsequent years under paragraph (b).

(e) If an assessor has notified owners of property subject to paragraph (a) of an increase in estimated market value for taxes payable in 1992, the assessor must mail notice to the property owners by July 1, 1991. The notice must state that any increase in the estimated market value of residential homesteads for taxes levied in 1991 over that for taxes levied in 1990 has been limited by this section."

Page 72, after line 33, insert:

"Section 49 is effective the day following final enactment."

Renumber the sections in article 3 in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Knickerbocker et al amendment and the roll was called. There were 56 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Abrams	Anderson, R. H.	Bishop	Boo	Dempsey
Anderson, R.	Bettermann	Blatz	Davids	Erhardt

Frederick	Henry	Lynch	Pauly	Tompkins
Frerichs	Hufnagle	Macklin	Pellow	Uphus
Girard	Hugoson	Marsh	Runbeck	Valento
Goodno	Johnson, V.	Morrison	Schafer	Waltman
Gruenes	Knickerbocker	Nelson, K.	Seaberg	Weaver
Gutknecht	Koppendrayer	Newinski	Smith	Wenzel
Hanson	Krinkie	Olsen, S.	Stanius	
Hartle	Leppik	Omann	Sviggum	
Haukoos	Limmer	Onnen	Swenson	
Heir	Long	Ozment	Thompson	

Those who voted in the negative were:

Anderson, I.	Dorn	Kinkel	Orenstein	Segal
Battaglia	Farrell	Krueger	Orfield	Simoneau
Bauerly	Garcia	Lasley	Osthoff	Skoglund
Beard	Greenfield	Lieder	Ostrom	Solberg
Begich	Hausman	Lourey	Pelowski	Sparby
Bertram	Jacobs	Mariani	Peterson	Steensma
Bodahl	Janezich	McEachern	Pugh	Trimble
Brown	Jaros	McGuire	Reding	Tunheim
Carlson	Jefferson	Munger	Rest	Vellenga
Carruthers	Jennings	Murphy	Rice	Wagenius
Clark	Johnson, A.	Nelson, S.	Rodosovich	Wejcman
Cooper	Johnson, R.	O'Connor	Rukavina	Welker
Dauner	Kahn	Ogren	Sarna	Welle
Dawkins	Kalis	Olson, E.	Scheid	Winter
Dille	Kelso	Olson, K.	Schreiber	Spk. Vanasek

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

Hugoson, McPherson, Davids, Gruenes, Bettermann, Frerichs and Haukoos moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Pages 205 to 207, delete section 7

Page 222, delete section 41

Renumber the sections in article 8 in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Hugoson et al amendment and the roll was called. There were 63 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kalis	Olsen, S.	Smith
Anderson, R.	Girard	Knickerbocker	Olson, K.	Stanius
Anderson, R. H.	Goodno	Koppendrayer	Omann	Sviggum
Bauerly	Gruenes	Krinkie	Onnen	Swenson
Bettermann	Gutknecht	Leppik	Ozment	Thompson
Bishop	Hartle	Limmer	Pauly	Tompkins
Boo	Haukoos	Lynch	Pellow	Uphus
Dauner	Heir	Macklin	Pelowski	Valento
Davids	Henry	Marsh	Peterson	Waltman
Dempsey	Hufnagle	McPherson	Runbeck	Weaver
Dille	Hugoson	Morrison	Schafer	Welker
Erhardt	Johnson, R.	Nelson, S.	Schreiber	
Frederick	Johnson, V.	Newinski	*Seaberg*	

Those who voted in the negative were:

Anderson, I.	Garcia	Lasley	Orenstein	Skoglund
Battaglia	Greenfield	Lieder	Orfield	Solberg
Beard	Hanson	Long	Osthoff	Sparby
Begich	Hausman	Lourey	Ostrom	Steensma
Bertram	Jacobs	Mariani	Pugh	Trimble
Bodahl	Janezich	McEachern	Reding	Tunheim
Brown	Jaros	McGuire	Rest	Vellenga
Carlson	Jefferson	Milbert	Rice	Wagenius
Carruthers	Jennings	Munger	Rodosovich	Wejcman
Clark	Johnson, A.	Murphy	Rukavina	Welle
Cooper	*Kahn*	Nelson, K.	Sarna	Wenzel
Dawkins	Kelso	O'Connor	Scheid	Winter
Dorn	Kinkel	Ogren	Segal	Spk. Vanasek
Farrell	Krueger	Olson, E.	Simoneau	

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

Schreiber; Olsen, S.; Runbeck; McPherson; Limmer; Anderson, R. H.; Heir; Davids; Frerichs; Henry; Knickerbocker; Hartle; Haukoos and Smith moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 60, after line 5, insert:

"Sec. 33. Minnesota Statutes 1990, section 290A.04, is amended by adding a subdivision to read:

Subd. 2j. Effective beginning for taxes payable in 1992, a claimant who is a homeowner is allowed a refund equal to the excess of the claimant's net property taxes, over the greater of (1) eight percent of the claimant's household income or (2) two percent of the market value of the homestead. The credit under this section must not exceed 25 percent of the claimant's net property taxes. In order to qualify for a refund under this subdivision, the claimant or the spouse of the claimant must be at least 62 years of age on December 31 of the year prior to the year in which the taxes are payable. The commissioner of revenue may require claimants to certify eligibility for the refund in a form the commissioner prescribes. For purposes of this subdivision, "net property taxes" means property taxes payable after reduction for all state paid credits and after deduction

of the refund for which the claimant qualifies under subdivisions 2 and 2h."

Renumber the sections in article 3 in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Schreiber et al amendment and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, I.	Garcia	Knickerbocker	Olson, E.	Skoglund
Anderson, R.	Girard	Koppendrayer	Olson, K.	Smith
Anderson, R. H.	Goodno	Krinkie	Omann	Solberg
Battaglia	Greenfield	Krueger	Onnen	Sparby
Bauerly	Gruenes	Lasley	Orenstein	Stanius
Beard	Gutknecht	Leppik	Orfield	Steensma
Begich	Hanson	Lieder	Osthoff	Sviggum
Bertram	Hartle	Limmer	Ostrom	Swenson
Bettermann	Hasskamp	Long	Ozment	Thompson
Bishop	Haukoos	Lourey	Pauly	Tompkins
Blatz	Hausman	Lynch	Pellow	Trimble
Bodahl	Heir	Macklin	Pelowski	Tunheim
Boo	Henry	Mariani	Peterson	Uphus
Brown	Hufnagle	Marsh	Pugh	Valento
Carlson	Hugoson	McEachern	Reding	Vellenga
Carruthers	Jacobs	McGuire	Rest	Wagenius
Clark	Janezich	McPherson	Rice	Waltman
Cooper	Jaros	Milbert	Rodosovich	Weaver
Dauner	Jefferson	Morrison	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek
Farrell	Kalis	O'Connor	Seaberg	
Frederick	Kelso	Ogren	Segal	

The motion prevailed and the amendment was adopted.

Wenzel; Bertram; Farrell; Brown; Abrams; Dawkins; Lieder; Pauly; Jaros; Kinkel; Winter; Pelowski; Omann; Dille; Rukavina; Olson, K.; Swenson; Lourey; Krueger; Johnson, R.; Segal; Hasskamp; Bodahl; Peterson; Anderson, I., and Steensma moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 361, lines 20, 22, 24, 30, 33, and 34, after "city" insert "or county"

Page 361, line 26, after "city's" insert "or county's"

Page 361, line 27, after "council" insert "or county board"

Page 362, line 2, after "City" insert "or county"

Page 362, line 13, after "city" insert "or county"

The motion prevailed and the amendment was adopted.

Olsen, S., moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 5, delete lines 11 to 15

Page 24, after line 33, insert:

"Sec. 4. Minnesota Statutes 1990, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX RATE.] The general education tax rate for fiscal year 1991 is 26.3 percent. Beginning in 1990, the commissioner of revenue shall establish the general education tax rate and certify it to the commissioner of education by July 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. Notwithstanding the provisions of H. F. No. 700, or any other provision to the contrary, the general education tax rate shall be the rate that raises $845,000,000 for fiscal year 1992 and not more than $887,000,000 for fiscal year 1993 and subsequent fiscal years. The general education tax rate certified by the commissioner of revenue may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been certified."

Page 71, after line 9, insert:

"Sec. 49. [APPROPRIATION.]

There is appropriated from the general fund to the commissioner of education the sums indicated for the designated fiscal years for general and supplemental education aid:

$1,627,203,000 1992

$1,805,000,000 1993

The 1991 appropriation includes $247,302,000 for 1991 and $1,379,901,000 for 1992.

The 1993 appropriation includes $257,848,000 for 1992 and $1,547,152,000 for 1993."

Page 72, after line 3, insert:

"Sec. 54. [REPEALER.]

Notwithstanding any law to the contrary, the state of Minnesota shall not become obligated to pay debt service equalization aid to school districts. The requirements of this section supersede any inconsistent provisions of H.F. No. 700 notwithstanding the date and time of final enactment."

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 Olsen, S., amendment and the roll was called. There were 31 yeas and 98 nays as follows:

Those who voted in the affirmative were:

Abrams	Garcia	Leppik	Olsen, S.	Tompkins
Blatz	Haukoos	Lynch	Onnen	Valento
Boo	Heir	Macklin	Pauly	Welker
Davids	Henry	Marsh	Runbeck	
Erhardt	Hufnagle	McGuire	Schreiber	
Frederick	Knickerbocker	Morrison	Smith	
Frerichs	Krinkie	Newinski	Swenson	

Those who voted in the negative were:

Anderson, I.	Dawkins	Jaros	Lourey	Orfield
Anderson, R.	Dempsey	Jefferson	Mariani	Osthoff
Anderson, R. H.	Dille	Jennings	McEachern	Ostrom
Battaglia	Dorn	Johnson, A.	McPherson	Ozment
Bauerly	Farrell	Johnson, R.	Milbert	Pellow
Beard	Girard	Johnson, V.	Munger	Pelowski
Begich	Goodno	Kahn	Murphy	Peterson
Bertram	Greenfield	Kalis	Nelson, K.	Pugh
Bettermann	Gruenes	Kelso	Nelson, S.	Reding
Bodahl	Hanson	Kinkel	O'Connor	Rest
Carlson	Hartle	Koppendrayer	Ogren	Rice
Carruthers	Hausman	Krueger	Olson, E.	Rodosovich
Clark	Hugoson	Lasley	Olson, K.	Rukavina
Cooper	Jacobs	Lieder	Omann	Sarna
Dauner	Janezich	Long	Orenstein	Schafer

Scheid	Solberg	Thompson	Wagenius	Wenzel
Seaberg	Sparby	Trimble	Waltman	Winter
Segal	Stanius	Tunheim	Weaver	Spk. Vanasek
Simoneau	Steensma	Uphus	Wejcman	
Skoglund	Sviggum	Vellenga	Welle	

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

Gutknecht moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 112, after line 20, insert:

"Sec. 17. Minnesota Statutes 1990, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall 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;

(3) the amount paid to others not to exceed $650 for each dependent in grades kindergarten 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(c) of the Internal Revenue Code~~;

(4) to the extent included in federal taxable income, distributions from a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that represent a return of contributions that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted. This subtraction applies only to contributions made in a taxable year prior to 1985;

(5) income as provided under section 290.0802;

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g; and

(7) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491."

Renumber the sections in article 5 in sequence

Correct internal references

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. There were 114 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Haukoos	Leppik	Olson, K.
Anderson, I.	Davids	Heir	Lieder	Omann
Anderson, R.	Dawkins	Henry	Limmer	Onnen
Anderson, R. H.	Dempsey	Hufnagle	Lourey	Orenstein
Battaglia	Dille	Hugoson	Lynch	Orfield
Bauerly	Dorn	Jacobs	Macklin	Osthoff
Beard	Erhardt	Jefferson	Mariani	Ostrom
Begich	Farrell	Jennings	Marsh	Ozment
Bertram	Frederick	Johnson, A.	McEachern	Pauly
Bettermann	Frerichs	Johnson, R.	McGuire	Pellow
Bishop	Garcia	Johnson, V.	McPherson	Pelowski
Blatz	Girard	Kalis	Morrison	Peterson
Bodahl	Goodno	Kelso	Munger	Pugh
Boo	Gruenes	Knickerbocker	Murphy	Reding
Brown	Gutknecht	Koppendrayer	Nelson, S.	Rest
Carlson	Hanson	Krinkie	Newinski	Rodosovich
Carruthers	Hartle	Krueger	O'Connor	Runbeck
Cooper	Hasskamp	Lasley	Olsen, S.	Sarna

Schafer	Smith	Sviggum	Valento	Welle
Schreiber	Solberg	Swenson	Vellenga	Wenzel
Seaberg	Sparby	Thompson	Waltman	Winter
Segal	Stanius	Tompkins	Weaver	Spk. Vanasek
Simoneau	Steensma	Uphus	Welker	

Those who voted in the negative were:

Greenfield	Jaros	Ogren	Skoglund
Hausman	Kahn	Rukavina	Wagenius
Janezich	Kinkel	Scheid	Wejcman

The motion prevailed and the amendment was adopted.

Morrison, Hartle, Runbeck, Blatz, Weaver, Haukoos, Waltman, McPherson, Frerichs and Anderson, R. H., moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Pages 100 and 101, delete section 2

Page 107, line 2, delete the new language

Page 107, delete line 3

Page 109, after line 4, insert:

"Sec. 14. Minnesota Statutes 1990, section 290.01, subdivision 6, is amended to read:

Subd. 6. [TAXPAYER.] The term "taxpayer" means any person or corporation subject to a tax imposed by this chapter. ~~For purposes of section 290.06, subdivision 23, the term "taxpayer" means an individual eligible to vote in Minnesota under section 201.014.~~"

Pages 120 to 122, delete section 21

Page 146, line 5, before "Minnesota" insert "(a)"

Page 146, after line 6, insert:

"(b) Minnesota Statutes 1990, sections 10A.322, subdivision 4; 10A.43, subdivision 5; and 290.06, subdivision 23, are repealed."

Page 146, line 12, after the period insert "Sections 14 and 47, paragraph (b), are effective for contributions made after the day of final enactment."

Renumber the sections in article 5 in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Morrison et al amendment and the roll was called. There were 58 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Johnson, V.	Morrison	Seaberg
Anderson, R. H.	Goodno	Kelso	Nelson, S.	Smith
Bettermann	Gruenes	Knickerbocker	Olsen, S.	Stanius
Blatz	Gutknecht	Koppendrayer	Omann	Sviggum
Dauner	Hartle	Krinkie	Onnen	Tompkins
Davids	Haukoos	Lasley	Ozment	Uphus
Dempsey	Heir	Leppik	Pauly	Valento
Dille	Henry	Limmer	Pellow	Waltman
Dorn	Hufnagle	Lynch	Pelowski	Weaver
Erhardt	Hugoson	Macklin	Runbeck	Welker
Frederick	Jennings	Marsh	Schafer	
Frerichs	Johnson, R.	McPherson	Schreiber	

Those who voted in the negative were:

Anderson, I.	Farrell	Long	Orfield	Solberg
Anderson, R.	Garcia	Lourey	Osthoff	Sparby
Battaglia	Greenfield	Mariani	Ostrom	Steensma
Bauerly	Hanson	McEachern	Peterson	Thompson
Beard	Hausman	McGuire	Pugh	Trimble
Begich	Jacobs	Milbert	Reding	Tunheim
Bertram	Janezich	Munger	Rest	Vellenga
Bishop	Jaros	Murphy	Rice	Wagenius
Bodahl	Jefferson	Nelson, K.	Rodosovich	Wejcman
Brown	Johnson, A.	Newinski	Rukavina	Welle
Carlson	Kahn	O'Connor	Sarna	Wenzel
Carruthers	Kalis	Ogren	Scheid	Winter
Clark	Kinkel	Olson, E.	Segal	Spk. Vanasek
Cooper	Krueger	Olson, K.	Simoneau	
Dawkins	Lieder	Orenstein	Skoglund	

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

Pauly, Morrison, Knickerbocker, Haukoos, McPherson, Blatz, Frerichs, Olsen, S., and Henry moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 15, after line 3, insert:

"(d) Before the county exercises the authority granted in paragraph (a), an election must be held on the question of imposing the sales and use tax. The election must be held in the manner provided in section 375.20."

Page 15, line 5, delete "May" and insert "April"

Page 15, line 6, after "and" insert ", upon approval by the voters,"

Page 15, line 19, after the period insert:

"If the tax is not approved by the voters under subdivision 1, paragraph (d), by August 1, 1991, the tax is repealed for sales after August 31, 1991. For purposes of section 273.1381, the county shall be considered to have not imposed the tax under this section, and the proceeds of the tax shall be transferred to or deposited in the general fund."

A roll call was requested and properly seconded.

The question was taken on the Pauly et al amendment and the roll was called. There were 56 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Abrams	Goodno	Knickerbocker	Olsen, S.	Sviggum
Anderson, R. H.	Gruenes	Koppendrayer	Omann	Swenson
Bettermann	Gutknecht	Krinkie	Onnen	Tompkins
Blatz	Hartle	Leppik	Ozment	Uphus
Boo	Haukoos	Limmer	Pauly	Valento
Davids	Heir	Lynch	Pellow	Waltman
Dempsey	Henry	Macklin	Runbeck	Weaver
Dille	Hufnagle	Marsh	Schafer	Welker
Erhardt	Hugoson	McGuire	Schreiber	
Frederick	Johnson, R.	McPherson	Seaberg	
Frerichs	Johnson, V.	Morrison	Smith	
Girard	Kelso	Newinski	Stanius	

Those who voted in the negative were:

Anderson, I.	Dorn	Krueger	Orfield	Skoglund
Anderson, R.	Farrell	Lasley	Osthoff	Solberg
Battaglia	Garcia	Lieder	Ostrom	Sparby
Bauerly	Greenfield	Long	Pelowski	Steensma
Beard	Hanson	Lourey	Peterson	Thompson
Begich	Hasskamp	McEachern	Pugh	Trimble
Bertram	Hausman	Milbert	Reding	Tunheim
Bodahl	Jacobs	Murphy	Rest	Vellenga
Brown	Janezich	Nelson, K.	Rice	Wagenius
Carlson	Jefferson	Nelson, S.	Rodosovich	Wejcman
Carruthers	Jennings	O'Connor	Rukavina	Welle
Clark	Johnson, A.	Ogren	Sarna	Wenzel
Cooper	Kahn	Olson, E.	Scheid	Winter
Dauner	Kalis	Olson, K.	Segal	Spk. Vanasek
Dawkins	Kinkel	Orenstein	Simoneau	

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

Ogren offered an amendment to H. F. No. 1086, the first engrossment, as amended.

Sviggum requested a division of the Ogren amendment to H. F. No. 1086, the first engrossment, as amended.

The first portion of the Ogren amendment to H. F. No. 1086, the first engrossment, as amended, reads as follows:

Pages 3 to 20, delete articles 1 and 2

Pages 31 to 47, delete sections 13 to 20 and insert:

"Sec. 13. [273.125] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions listed in subdivisions 2 to 14 must be used in classifying property under section 273.126.

Subd. 2. [RESIDENTIAL PROPERTY.] "Residential property" means a dwelling occupied by one or more persons and includes seasonal recreational property used for either commercial or noncommercial purposes, hospitals defined in section 144.50, subdivision 6, and subsidized housing, but excludes nonsubsidized residential property containing four or more dwelling units.

Subd. 3. [AGRICULTURAL LAND.] "Agricultural land" means land primarily used during the preceding year for agricultural purposes. Agricultural land may include slough, wasteland, and woodland contiguous to or surrounded by agricultural land, if under the same ownership and management, and land included in state or federal farm programs.

Subd. 4. [AGRICULTURAL PURPOSES.] "Agricultural purposes" means the raising or cultivation of agricultural products, including: (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products produced by the owner, (2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use, and (3) the commercial boarding of horses if the boarding is done in conjunction with the raising or cultivation of agricultural products as defined in clause (1).

Subd. 5. [TIMBERLAND PROPERTY.] "Timberland property" is real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products.

Subd. 6. [SUBSIDIZED HOUSING.] "Subsidized housing" means:

(a) A structure situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined by title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. This paragraph applies only to property of a nonprofit or limited dividend entity. Property is classified under this paragraph for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan.

(b) A structure that is:

(1) situated upon real property that is used for housing low-income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended;

(2) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988, or (ii) meets the requirements of that section. Classification under this clause is limited to a term of 15 years.

(c) A parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families of individuals. This paragraph does not apply to any part of the land or improvements used for nonresidential purposes. For purposes of this paragraph, a "lower income family" is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this paragraph, "neighborhood real estate trust" is further defined to mean an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (1) it is a nonprofit corporation organized under chapter 317A; (2) it has as its principal purpose providing housing for lower income families in a specific geographic community

designated in its articles or bylaws; (3) it limits membership with voting rights to residents of the designated community; and (4) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust.

(d) A structure:

(1) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined by the Farmers Home Administration;

(2) located in a municipality of less that 10,000 population; and

(3) financed by a direct loan or insured loan from the farmers home administration.

Property is classified under this paragraph for 15 years from the date of the completion of the original construction or for the original term of the loan.

This subdivision applies to the property described only in proportion to occupancy of the structure by elderly or handicapped persons or low- and moderate-income families as defined in the applicable laws, unless construction of the structure has been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. This housing is property of a nonprofit or limited dividend entity.

Subd. 7. [SEASONAL RECREATIONAL PROPERTY.] "Seasonal recreational property" is real property devoted to seasonal residential occupancy for recreation purposes for not more than 225 days in the year preceding the year of assessment.

Subd. 8. [COMMERCIAL RECREATIONAL PROPERTY.] "Commercial recreational property" means real property devoted to a commercial purpose that is contiguous to and used in conjunction with seasonal recreational property that is under the same ownership and management.

Subd. 9. [NONPROFIT COMMUNITY SERVICE ORIENTED ORGANIZATION.] A "nonprofit community service oriented organization" means real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization. The property must not be used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment, and the property must not be used for residential purposes on either

a temporary or permanent basis. For purposes of this subdivision, a nonprofit community service oriented organization means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this subdivision, "revenue-producing activities" includes but is not limited to property, or that part of the property, that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization, is not considered a revenue-producing activity.

Subd. 10. [MANUFACTURED HOME PARK.] "Manufactured home park" means any site, lot, field, or tract of land upon which two or more occupied manufactured homes are located, either free of charge or for compensation, and includes any building, structure, tent, vehicle, or enclosure used or intended for use as part of the equipment of the manufactured home park.

Sec. 14. [273.126] [VALUATION AND CLASSIFICATION OF PROPERTY.]

Subdivision 1. [MANNER OF VALUATION AND CLASSIFICATION.] All real and personal property subject to a general property tax and not subject to a gross earnings or other fee in lieu of tax, is classified as provided by this section.

Subd. 2. [CLASS 1.] Class 1 property must be valued at 100 percent of market value, provided that 75 percent of the market value is exempt from valuation for purposes of real estate taxes. Class 1 property includes agricultural land and improvements, and timberland property. The combined market value of each house, garage, and the immediately surrounding one acre of land is class 2 property.

Subd. 3. [CLASS 2.] Class 2 property must be valued at 100 percent of market value, provided that 50 percent of the market value is exempt from valuation for purposes of real estate taxes. Class 2 property includes residential property.

For all types of subsidized housing, the assessor shall determine the market value by using the normal approach to value and using normal unrestricted rents.

Subd. 4. [CLASS 3.] Class 3 property must be valued at 100 percent of market value, with a 25 percent exemption for purposes of valuation for real estate taxes. "Market value" for purposes of this subdivision includes the land and the buildings. Class 3 property includes:

(1) residential real estate with four or more units and used or held for use by the owner, or by the tenants or lessees of the owner, as a residence for rental periods of 30 days or more;

(2) that portion of the market value of commercial, industrial, and utility property that does not exceed $120,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a 25 percent exemption on the first $120,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a 25 percent exemption on the first $120,000 of market value;

(3) manufactured home parks of four or more units;

(4) commercial recreational property; and

(5) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization.

Subd. 5. [CLASS 4.] Class 4 property must be valued at 100 percent of market value. Class 4 property includes:

(1) that portion of the market value of commercial, industrial, and utility property in excess of $120,000;

(2) tools, implements, and machinery of an electric generating system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures; and

(3) unmined iron ore and low-grade iron-bearing formations as defined in section 273.14.

Subd. 6. [UNIMPROVED LAND.] Real property that is not improved with a structure and that is not used as part of a commercial or industrial activity must be classified according to its highest and best use permitted under the local zoning ordinance, and consistent with this section. If no ordinance exists, the land must be classified in the same manner as the surrounding land or land in the most immediate proximity to the vacant land.

Subd. 7. [SUBSTANDARD BUILDINGS.] The amount of market

value exempt from property taxes for residential property that is found to be a substandard building under section 273.1316 shall be reduced by 25 percent of the property's market value.

Subd. 8. [MULTI-USE PROPERTY.] In the case of multi-use property, the valuation and classification is apportioned according to the uses of the property.

Sec. 15. Minnesota Statutes 1990, section 273.13, is amended by adding a subdivision to read:

Subd. 33. [PAYABLE 1992 TRANSITION RATES FOR REAL PROPERTY.] For taxes payable in 1992, the following class rates apply to properties, as classified and defined in Minnesota Statutes 1990, section 273.13, subdivisions 21a to 32:

(a) Class 1a and 1b property has a class rate of 1.3 percent for the first $68,000 of market value, a class rate of 2.0 percent for the portion of market value in excess of $68,000 but not exceeding $110,000, and a class rate of 2.7 percent for that portion of market value exceeding $110,000.

(b) Class 1c property has a class rate of 1.2 percent for the first $32,000 of market value and a class rate of 1.3 percent for the portion of market value in excess of $32,000 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. The remainder of class 1c property has a class rate of 2.2 percent.

(c) Class 2a agricultural land has the following class rates: the market value of the house and garage and immediately surrounding one acre of land has the same class rates specified in this subdivision for class 1a property. If the market value of the house, garage, and surrounding one acre of land is less than $110,000, the value of the remaining land including improvements equal to the difference between $110,000 and the market value of the house, garage, and surrounding one acre of land has a class rate of 0.6 percent. The remaining value of class 2a property over $110,000 of market value that does not exceed 320 acres has a class rate of 1.2 percent. The remaining property over $110,000 market value in excess of 320 acres has a class rate of 1.4 percent.

(d) Class 2b timberland has a class rate of 1.4 percent.

(e) Class 2b agricultural land has a class rate of 2.7 percent for the house, garage, and immediately surrounding one acre; the remainder of the land has a class rate of 1.4 percent.

(f) Class 3a property has a class rate of 3.0 percent for the first $120,000 of market value and a class rate of 4.6 percent for the portion of market value in excess of $120,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first $120,000 of market value. In the case of other class 3a property owned by one person or entity, only one parcel in each county has a reduced class rate on the first $120,000 of market value.

(g) Class 3b property has a class rate of 3.0 percent for the first $120,000 of market value and a class rate of 4.6 percent for the portion of market value in excess of $120,000. Class 3b property qualifying for reduced class rates under subdivision 24, paragraph (b), has a class rate of 3.0 percent.

(h) Class 4a property has a class rate of 3.4 percent.

(i) Class 4b property has a class rate of 2.7 percent.

(j) Class 4c property has a class rate of 2.2 percent, except that the land on which structures described in subdivision 25, paragraphs (c), clauses (1) to (3), and (d), are located has the following class rate: 2.7 percent if the structure contains fewer than four units, and 3.1 percent if the structure contains four or more units.

(k) Class 4d property has a class rate of 2.0 percent.

(l) Class 5 property has a class rate of 4.6 percent.

Sec. 16. Minnesota Statutes 1990, section 273.13, is amended by adding a subdivision to read:

Subd. 34. [PAYABLE 1993 TRANSITION RATES FOR REAL PROPERTY.] For taxes payable in 1993, the following class rates apply to properties, as classified and defined in Minnesota Statutes 1990, section 273.13, subdivisions 21a to 32.

(a) Class 1a and 1b property has a class rate of 1.7 percent for the first $68,000 of market value, class rate of 2.0 percent for the portion of market value in excess of $68,000 but not exceeding $110,000, and a class rate of 2.3 percent for that portion of market value exceeding $110,000.

(b) Class 1c property has a class rate of 1.6 percent for the first $32,000 of market value and a class rate of 1.7 percent for the portion of market value in excess of $32,000 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. The remainder of class 1c property has a class rate of 2.1 percent.

(c) Class 2a agricultural land has the following class rates: the market value of the house and garage and immediately surrounding one acre of land has the same class rates specified in this subdivision for class 1a property. If the market value of the house, garage, and surrounding one acre of land is less than $110,000, the value of the remaining land including improvements equal to the difference between $110,000 and the market value of the house, garage, and surrounding one acre of land has a class rate of 0.8 percent. The remaining value of class 2a property over $110,000 of market value that does not exceed 320 acres has a class rate of 1.1 percent. The remaining property over $110,000 market value in excess of 320 acres has a class rate of 1.2 percent

(d) Class 2b timberland has a class rate of 1.2 percent.

(e) Class 2b agricultural land has a class rate of 2.4 percent for the house, garage, and immediately surrounding one acre; the remainder of the land has a class rate of 1.2 percent.

(f) Class 3a property has a class rate of 3.0 percent for the first $120,000 of market value and a class rate of 4.3 percent for the portion of market value in excess of $120,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first $120,000 of market value. In the case of other class 3a property owned by one person or entity, only one parcel in each county has a reduced class rate on the first $120,000 of market value.

(g) Class 3b property has a class rate of 3.0 percent for the first $120,000 of market value and a class rate of 4.3 percent for the portion of market value in excess of $120,000. Class 3b property qualifying for reduced class rates under subdivision 24, paragraph (b), has a class rate of 3.0 percent.

(h) Class 4a property has a class rate of 3.2 percent

(i) Class 4b property has a class rate of 2.3 percent.

(j) Class 4c property has a class rate of 2.1 percent, except that the land on which structures described in subdivision 25, paragraphs (c), clauses (1) to (3), and (d), are located has the following class rate: 2.3 percent if the structure contains fewer than four units, and 2.5 percent if the structure contains four or more units.

(k) Class 4d property has a class rate of 2.0 percent.

(l) Class 5 property has a class rate of 4.3 percent."

Page 54, after line 26, insert:

"Sec. 27. Minnesota Statutes 1990, section 275.08, is amended by adding a subdivision to read:

Subd. 5. [COMPUTATION OF TAXABLE VALUE; MILL RATE.] For taxes levied in 1993 and payable in 1994 and subsequent years, the county auditor shall compute the taxable value for each parcel according to the classification system described in section 273.126. The taxable value is the parcel's market value, less any exemption. The tax rate is expressed as a mill rate."

Page 72, after line 3, insert:

"Sec. 55. [PROPOSED LEGISLATION.]

The commissioner of revenue shall prepare legislation for introduction in the 1993 legislative session to change references to Minnesota Statutes, section 273.13 to the appropriate section and subdivision and to change references to particular class rates to the appropriate exemption rates. The proposed legislation shall also change "tax capacity" to "taxable value" where it is appropriate to the context of the statute, and change "class rates" to "exemption rates." The revisor of statutes shall assist in the preparation of the legislation as requested by the commissioner. Legislation proposed under this section is not subject to fees under Minnesota Statutes, sections 3C.035, subdivision 2, and 3C.056."

Page 72, line 5, after "sections" insert "273.124, 273.13,"

Renumber the sections in article 3

Correct internal references

Page 98, after line 16, insert:

"ARTICLE 5

INCOME SENSITIVE HOMESTEAD CREDIT

Section 1. Minnesota Statutes 1990, section 289A.18, subdivision 5, is amended to read:

Subd. 5. [PROPERTY TAX REFUND CLAIMS.] A claim for a refund based on property taxes payable must be filed with the commissioner on or before ~~August 15~~ May 15 of the year in which the property taxes are due and payable. Any claim for refund based on rent paid must be filed on or before August 15 of the year following the year in which the rent was paid.

Sec. 2. Minnesota Statutes 1990, section 289A.56, subdivision 6, is amended to read:

Subd. 6. [PROPERTY TAX REFUNDS UNDER CHAPTER 290A.] (a) When a renter is owed a property tax refund, an unpaid refund bears interest after August 14, or 60 days after the refund claim was made, whichever is later, until the date the refund is paid.

(b) When any other claimant is owed a property tax refund, the unpaid refund bears interest after ~~September 29~~ July 14, or 60 days after the refund claim was made, whichever is later, until the date the refund is paid.

Sec. 3. Minnesota Statutes 1990, section 290A.01, is amended to read:

290A.01 [CITATION.]

This chapter may be cited as the "state of Minnesota ~~property tax refund~~ income sensitive homestead credit act."

Sec. 4. Minnesota Statutes 1990, section 290A.04, subdivision 2, is amended to read:

Subd. 2. [HOMEOWNERS.] A claimant whose property taxes payable 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. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
$0 to 999	~~1.2~~ 2.0 percent	~~22~~ 8 percent	~~$400~~ $600
1,000 to 1,999	~~1.3~~ 2.0 percent	~~24~~ 10 percent	~~$400~~ $600
2,000 to 2,999	~~1.4~~ 2.0 percent	~~26~~ 12 percent	~~$400~~ $600
3,000 to 3,999	~~1.6~~ 2.0 percent	~~28~~ 14 percent	~~$400~~ $600
4,000 to 4,999	~~1.7~~ 2.0 percent	~~30~~ 16 percent	~~$400~~ $600
5,000 to 5,999	~~1.9~~	~~33~~	~~$400~~

	2.0 percent	20	percent	$600
6,000 to 6,999	~~1.9~~	~~35~~		~~$400~~
	2.0 percent	22	percent	$600
7,000 to 7,999	~~2.1~~	~~38~~		~~$400~~
	2.0 percent	24	percent	$600
8,000 to 8,999	~~2.2~~	~~40~~		~~$400~~
	2.0 percent	26	percent	$600
9,000 to 9,999	~~2.3~~	~~42~~		~~$400~~
	2.0 percent	27	percent	$600
10,000 to ~~10,999~~	~~2.4~~	~~45~~		~~$400~~
14,999	2.1 percent	28	percent	$600
~~11,000 to 11,999~~	~~2.5 percent~~	~~48~~	~~percent~~	~~$400~~
~~12,000 to 13,999~~	~~2.6 percent~~	~~48~~	~~percent~~	~~$400~~
~~14,000 to 14,999~~	~~2.8 percent~~	~~48~~	~~percent~~	~~$400~~
15,000 to ~~15,999~~	~~3.0~~	~~50~~		~~$400~~
19,999	2.1 percent	30	percent	$600
~~16,000 to 16,999~~	~~3.2 percent~~	~~50~~	~~percent~~	~~$400~~
~~17,000 to 20,999~~	~~3.3 percent~~	~~50~~	~~percent~~	~~$400~~
~~21,000 to 23,999~~	~~3.4 percent~~	~~50~~	~~percent~~	~~$400~~
~~24,000 to 24,999~~	~~3.5 percent~~	~~50~~	~~percent~~	~~$400~~
~~25,000 to 27,999~~	~~3.5 percent~~	~~50~~	~~percent~~	~~$400~~
~~28,000 to 29,999~~	~~3.5 percent~~	~~50~~	~~percent~~	~~$400~~
~~30,000 to 34,999~~	~~3.5 percent~~	~~55~~	~~percent~~	~~$400~~
~~35,000 to 39,999~~	~~3.7 percent~~	~~55~~	~~percent~~	~~$400~~
~~40,000 to 56,999~~	~~4.0 percent~~	~~55~~	~~percent~~	~~$400~~
20,000 to 45,999	2.2 percent	30	percent	$600
46,000 to 46,999	2.2 percent	31	percent	$600
47,000 to 47,999	2.2 percent	32	percent	$600
48,000 to 48,999	2.2 percent	33	percent	$600
49,000 to 49,999	2.2 percent	34	percent	$600
50,000 to 50,999	2.2 percent	35	percent	$600
51,000 to 51,999	2.2 percent	36	percent	$600
52,000 to 52,999	2.2 percent	37	percent	$600
53,000 to 53,999	2.2 percent	38	percent	$600
54,000 to 54,999	2.2 percent	39	percent	$600

55,000 to 55,999	2.2 percent	40 percent		$600
56,000 to 56,999	2.2 percent	42 percent		$600
57,000 to 57,999	~~4.0~~	~~55~~		~~$300~~
	2.2 percent	44 percent		$600
58,000 to 58,999	~~4.0~~	~~55~~		~~$200~~
	2.2 percent	46 percent		$600
59,000 to 59,999	~~4.0~~	~~55~~		~~$100~~
	2.2 percent	48 percent		$600
60,000 to 60,999	2.4 percent	50 percent		$550
61,000 to 61,999	2.6 percent	52 percent		$500
62,000 to 62,999	2.7 percent	54 percent		$450
63,000 to 63,999	2.8 percent	56 percent		$450
64,000 to 64,999	3.0 percent	57 percent		$400
65,000 to 65,999	3.2 percent	57 percent		$350
66,000 to 66,999	3.4 percent	59 percent		$300
67,000 to 67,999	3.6 percent	59 percent		$225
68,000 to 68,999	3.8 percent	60 percent		$150
69,000 to 69,999	4.0 percent	60 percent		$100

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~$60,000~~ $70,000 or more.

Sec. 5. Minnesota Statutes 1990, section 290A.04, is amended by adding a subdivision to read:

Subd. 2j. Effective beginning for taxes payable in 1992, a claimant who is a homeowner is allowed a credit equal to the excess of the claimant's net property taxes, over the greater of (1) eight percent of the claimant's household income or (2) two percent of the market value of the homestead. In order to qualify for a credit under this subdivision, the claimant or the spouse of the claimant must be at least 62 years of age on December 31 of the year prior to the year in which the taxes are payable. The commissioner of revenue may require claimants to certify eligibility for the credit in a form the commissioner prescribes. For purposes of this subdivision, "net property taxes" means property taxes payable after reduction for all state paid credits and after deduction of the refund for which the claimant qualifies under subdivision 2.

Sec. 6. Minnesota Statutes 1990, section 290A.07, subdivision 2a, is amended to read:

Subd. 2a. A claimant who is a renter ~~or a homeowner who occupies a manufactured home, as defined in section 274.19, subdivision 8, paragraph (c),~~ shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

Sec. 7. Minnesota Statutes 1990, section 290A.07, subdivision 3, is amended to read:

Subd. 3. A claimant not included in subdivision 2a shall receive full payment after ~~September 15~~ July 1 and before ~~September 30~~ July 15.

Sec. 8. [REPEALER.]

Minnesota Statutes 1990, section 290A.04, subdivisions 2b, 2h, and 2i, are repealed.

Sec. 9. [INSTRUCTIONS TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "income sensitive homestead credit" for the words "property tax refund" wherever those words occur in Minnesota Statutes, chapters 289A and 290A.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 8 are effective beginning for property taxes payable in 1992 and refunds payable in 1992.

ARTICLE 6

PROPERTY TAX PAYMENTS AND DATES

Section 1. Minnesota Statutes 1990, section 274.19, subdivision 3, is amended to read:

Subd. 3. [TAX STATEMENTS; PENALTIES; COLLECTIONS.] Not later than ~~July 15~~ June 1 in the year of assessment the county treasurer shall mail to the taxpayer a statement of tax due on a manufactured home. The taxes are due on ~~the last day of August~~ July 15. Taxes remaining unpaid after the due date are delinquent, and a penalty of eight percent must be assessed and collected as part of the unpaid taxes. On ~~September 30~~ August 15 the county treasurer shall make a list of taxes remaining unpaid and shall certify the list immediately to the court administrator of district court. The court administrator shall issue warrants to the sheriff for collection.

Sec. 2. Minnesota Statutes 1990, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver on or before November 10 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year as required in paragraph (d) ~~or (e)~~ and, for a town, the amount of its final levy. It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in the case of a school district, on the proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. It must state the time and place for the continuation of the hearing if the hearing is not completed on the original date.

(d) ~~Except as provided in paragraph (e),~~ For taxes levied in ~~1990 and~~ 1991 and thereafter, the notice must state by county, city or town, and school district:

(1) the total proposed or, for a town, final property tax levy for taxes payable the following year after reduction for state aid;

(2) the percentage increase or decrease from the actual property tax levy for taxes payable in the current year; and

(3) for counties, cities, and towns, the increase or decrease in population from the second previous calendar year to the immediately prior calendar year, and for school districts, the increase or decrease in the number of pupils in average daily membership from the second previous school year to the immediately prior school year as determined by the commissioner of education. The data used to determine the increase or decrease in population under this clause must be the data used for purposes of the population adjustment to the levy limit base of the county, city, or town under section 275.51, subdivision 6.

For purposes of this paragraph, "proposed property taxes after reduction for state aid" means the taxing authority's levy certified under section 275.07, subdivision 1.

(e) ~~In the case of a county containing a city of the first class, or taxing authority lying wholly within a county or counties containing a city of the first class, for taxes levied in 1991, and thereafter, and for all counties for taxes levied in 1992 and thereafter, the notice must state for each parcel:~~

~~(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year;~~

~~(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year; and~~

~~(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.~~

~~(f)~~ The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy ~~limit~~ increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified; and

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified.

Sec. 3. *Minnesota Statutes* 1990, *section* 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC ~~HEARING~~ HEARINGS; ADOPTION OF BUDGET AND LEVY.] ~~Between November 15 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to adopt its property tax levy for taxes payable in the following year.~~ In three consecutive weeks beginning the second Monday in October, the governing bodies of the city and county shall hold public hearings to adopt their

respective final budgets and property tax levies for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to adopt its property tax levy for taxes payable in the following year.

(a) In the week beginning with the second Monday in October, each county shall hold its public hearing.

(b) In the week beginning with the third Monday in October, each school district shall hold its public hearing.

(c) In the week beginning with the fourth Monday in October, each city shall hold its public hearing.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The property tax levy certified under section 275.07 by a city, county, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124A.03, subdivision 2, or 124.82, subdivision 3, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters under section ~~275.58~~ 275.581 after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; and

(6) the amount of an increase in levy limits certified to the taxing authority by the ~~commissioner of revenue or the~~ commissioner of education after the proposed levy was certified.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body school districts, shall adopt its final property tax levy prior to adopting its final budget.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The county auditor shall provide for the coordination of hearing dates for all taxing authorities within the county.

By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditors of the counties in which the school district is located the dates on which it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with those elected by or assigned to the counties and school districts in which the city is located.

The hearing dates so elected or assigned must be designated on the notices required under subdivision 3.

This subdivision does not apply to towns and special taxing districts.

Sec. 4. Minnesota Statutes 1990, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before ~~five working days after December 20~~ November 15 in each year. A town must certify the levy adopted by the town board to the county auditor by September 1 each year. If the town board modifies the levy at a special town meeting after September 1, the town board must recertify its levy to the county auditor on or before ~~five working days after December 20~~ November

15. The taxes certified shall not be adjusted by the aid received under sections 273.1398, subdivisions 2 and 3, and 477A.013, subdivision 5. 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.

Sec. 5. Minnesota Statutes 1990, section 275.07, subdivision 4, is amended to read:

Subd. 4. [REPORT TO COMMISSIONER.] On or before September 15 for taxes levied in 1990, and thereafter, the county auditor shall report to the commissioner of revenue the proposed levy certified by local units of government under section 275.065, subdivision 1. On or before ~~January 15~~ December 1, for taxes levied in ~~1989~~ 1991 and thereafter, the county auditor shall report to the commissioner of revenue the final levy certified by local units of government under subdivision 1. The levies must be reported in the manner prescribed by the commissioner. The reports must show a total levy and the amount of each special levy.

Sec. 6. Minnesota Statutes 1990, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain 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 must be separately stated. 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 boldface 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."~~

(b) 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.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the

right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value as defined in section 272.03, subdivision 8;

~~(2) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);~~

~~(3) a total of the following aids:~~

~~(i) education aids payable under chapters 124 and 124A;~~

~~(ii) local government aids for cities, towns, and counties under chapter 477A; and~~

~~(iii) disparity reduction aid under section 273.1398;~~

~~(4) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;~~

~~(5)~~ (2) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10; and

~~(6)~~ (3) the net tax payable in the manner required in paragraph (a).

~~The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter, the commissioner must certify this amount by September 1.~~

Sec. 7. Minnesota Statutes 1990, section 276.04, subdivision 3, is amended to read:

Subd. 3. [MAILING OF TAX STATEMENTS.] The county treasurer shall mail to taxpayers statements of their personal property taxes due not later than ~~April 15~~ March 31 for property taxes

payable in ~~1990~~ 1991 and ~~March 31~~ February 1 for property taxes payable in 1992 and thereafter, 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 ~~April 15~~ March 31 for property taxes payable in ~~1990~~ 1991 and ~~March 31~~ February 1 for property taxes payable in 1992 and thereafter. The validity of the tax shall not be affected by failure of the treasurer to mail the statement. The taxpayer is defined as the owner who is responsible for the payment of the tax.

Sec. 8. Minnesota Statutes 1990, section 276.10, is amended to read:

276.10 [APPORTIONMENT AND DISTRIBUTION OF FUNDS.]

~~On the settlement day determined in section 276.09 for each year,~~ The county auditor and county treasurer shall distribute all undistributed funds in the treasury. The funds must be apportioned as provided by law, and credited to the state, town, city, school district, special district and each county fund. Within 20 days after the distribution is completed, the county auditor shall report to the state auditor in the form prescribed by the state auditor. The county auditor shall issue a warrant for the payment of money in the county treasury to the credit of the state, town, city, school district, or special districts on application of the persons entitled to receive the payment. The county auditor may apply the local tax rate from the year before the year of distribution when apportioning and distributing delinquent tax proceeds, if the composition of the previous year's local tax rate between taxing districts is not significantly different from the local tax rate that existed for the year of the delinquency.

Sec. 9. Minnesota Statutes 1990, section 276.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] ~~As soon as practical after the settlement day determined in section 276.09,~~ On or before April 30, August 14, and December 15, the county treasurer shall pay to the state treasurer or the treasurer of a town, city, school district, or special district, on the warrant of the county auditor, all receipts of taxes levied by the taxing district and deliver up all orders and other evidences of indebtedness of the taxing district, taking triplicate receipts for them. The treasurer shall file one of the receipts with the county auditor, and shall return one by mail on the day of its receipt to the clerk of the town, city, school district, or special district to which payment was made. The clerk shall keep the receipt in the clerk's office. ~~Upon written request of the taxing district, to the extent practicable, the county treasurer shall make partial payments of amounts collected periodically in advance of the next settlement and distribution.~~ A statement prepared by the county treasurer must accompany each payment. It must state the years for

which taxes included in the payment were collected and, for each year, the amount of the taxes and any penalties on the tax. ~~Upon written request of a taxing district, except school districts, the county treasurer shall pay at least 70 percent of the estimated collection within 30 days after the settlement date determined in section 276.09. Within seven business days after the due date, or 28 calendar days after the postmark date on the envelopes containing real or personal property tax statements, whichever is latest, 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, unless the school district elects to receive 50 percent of the estimated collections arising from taxes levied by and belonging to the school district after making a proportionate reduction to reflect any loss in collections as the result of any delay in mailing tax statements. In that case, 50 percent of those adjusted, estimated collections shall be paid by the county treasurer to the treasurer of the school district within seven business days of the due date. The remaining 50 percent of the estimated collections must be paid to the treasurer of the school district within the next seven business days of the later of the dates in the preceding sentence, unless the school district elects to receive the remainder of its estimated collections after a proportionate reduction has been made to reflect any loss in collections as the result of any delay in mailing tax statements. In that case, the remaining 50 percent of those adjusted, estimated collections shall be paid by the county treasurer to the treasurer of the school district within 14 days of the due date.~~ The treasurer shall pay the balance of ~~the~~ any additional amounts collected to the state or to a municipal corporation or other body within ~~60~~ 45 days after the ~~settlement date determined in section 276.09~~ distribution dates of April 30, August 14, or December 15. After ~~45 days~~ the time for payment by the treasurer elapses, interest at an annual rate of eight percent accrues and must be paid to the taxing district. Interest must be paid upon appropriation from the general revenue fund of the county. If not paid, it may be recovered by the taxing district, in a civil action.

Sec. 10. Minnesota Statutes 1990, section 277.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in this subdivision, all unpaid personal property taxes shall be deemed delinquent on ~~May~~ March 16 next after they become due or 21 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 and be charged upon all such taxes. In the case of unpaid personal property taxes due and owing under section 272.01, subdivision 2, or 273.19, the first half shall become delinquent if not paid before ~~May~~ March 16 or 21 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 the unpaid first half; and the second half shall become delinquent if not paid before ~~October~~ July 16, and

thereupon a penalty of eight percent shall attach on the unpaid second half. ~~This section shall not apply to class 2a property.~~

A county may provide by resolution that in the case of a property owner that has multiple personal property tax statements with the aggregate taxes exceeding $50, payments may be made in installments as provided in this subdivision.

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. 11. Minnesota Statutes 1990, section 278.01, is amended to read:

278.01 [DEFENSE OR OBJECTION TO TAX ON LAND; SERVICE AND FILING.]

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving two copies of a petition for such determination upon the county auditor, one copy on the county attorney, and one copy on the county treasurer. In counties where the office of county treasurer has been combined with the office of county auditor, the petitioner must serve the number of copies required by the county. The petitioner must file the copies with proof of service, in the office of the court administrator of the district court before the 16th day of ~~May~~ March of the year in which the tax becomes payable. The county auditor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the

valuation notice required by section 273.121 but prior to ~~May~~ March 16 of the year in which the taxes are payable.

Subd. 2. [HOMESTEADS.] Any person having any estate, right, title or interest in or lien upon any parcel which is classified as homestead under the provisions of section 273.13, subdivision 22 or 23, who claims that said parcel has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class, in that portion of the county in which that parcel is located, for which the commissioner is able to establish and publish a sales ratio study as determined by the applicable real estate assessment/sales ratio study published by the commissioner of revenue, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving two copies of a petition for such determination upon the county auditor and one copy each on the county treasurer and the county attorney and filing the same, with proof of such service, in the office of the court administrator of the district court before the 16th day of ~~May~~ March of the year in which such tax becomes payable. The county auditor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court.

Subd. 3. [EXCEPTION.] The procedures established by this section are not available to contest the validity or amount of any special assessment made pursuant to chapters 429, 430, any special law or city charter.

Sec. 12. Minnesota Statutes 1990, section 278.03, is amended to read:

278.03 [PAYMENT OF TAX.]

If the proceedings instituted by the filing of the petition have not been completed before the 16th day of ~~May~~ March next following the filing, the petitioner shall pay to the county treasurer 50 percent of the tax levied for such year against the property involved, unless permission to continue prosecution of the petition without such payment is obtained as herein provided. If the proceedings instituted by the filing of the petition have not been completed by the next ~~October 16, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property,~~ November 16, the petitioner shall pay to the county treasurer 50 percent of the unpaid balance of the taxes levied for the year against the property involved if the unpaid balance is $2,000 or

less and 80 percent of the unpaid balance if the unpaid balance is over $2,000, unless permission to continue prosecution of the petition without payment is obtained as herein provided. The petitioner, upon ten days notice to the county attorney and to the county auditor, given at least ten days prior to the 16th day of ~~May~~ March or the 16th day ~~of October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property, the 16th day~~ of November, 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 property may be held exempt from the tax levied or that the tax may be determined to be less than 50 percent of the amount levied; and

(3) that it would work a hardship upon petitioner to pay the taxes due,

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 all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment. The petition shall be automatically reinstated upon payment of the entire tax plus interest and penalty if the payment is made within one year of the dismissal. The county treasurer shall, upon request of the petitioner, issue duplicate receipts for the tax payment, one of which shall be filed by the petitioner in the proceeding.

Sec. 13. Minnesota Statutes 1990, section 278.05, subdivision 5, is amended to read:

Subd. 5. Any time after the filing of the petition and before the trial of the issues raised thereby, when the defense or claim presented is that the property has been partially, unfairly, or unequally assessed, or that the parcel has been assessed at a valuation greater than its real or actual value, or that a parcel which is classified as homestead under the provisions of section 273.13, subdivision 22 or 23, has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class in that portion of the county in which the parcel is located, for which the commissioner is able to establish and publish a sales ratio study, the attorney representing the state, county, city or town in the proceedings may serve on the petitioner, or the

petitioner's attorney, and file with the court administrator of the district court, an offer to reduce the valuation of any tract or tracts to a valuation set forth in the offer. If, within ten days thereafter, the petitioner, or the attorney, gives notice in writing to the county attorney, or the attorney for the city or town, that the offer is accepted, the official notified may file the offer with proof of notice, and the court administrator shall enter judgment accordingly. Otherwise, the offer shall be deemed withdrawn and evidence thereof shall not be given; and, unless a lower valuation than specified in the offer is found by the court, no costs or disbursements shall be allowed to the petitioner, but the costs and disbursements of the state, county, city or town, including interest at six percent on the tax based on the amount of the offer from and after the 16th day of ~~October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property, the 16th day of~~ November, of the year the taxes are payable, shall be taxed in its favor and included in the judgment and when collected shall be credited to the county revenue fund, unless the taxes were paid in full before the 16th day of ~~October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property, the 16th day of~~ November, of the year in which the taxes were payable, in which event interest shall not be taxable.

Sec. 14. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

Subd. 1a. [DUE DATES.] All taxes on real property are due in three equal installments, to be paid on March 15 or 20 calendar days after the postmark date on the envelope containing the property tax statement, whichever is later, July 15, and November 15.

Sec. 15. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

Subd. 2a. [PENALTIES.] Late payments of real property tax incur a penalty. The rate of the penalty increases with each successive month that the payment is late and is dependent upon the class of property taxed. The following is the schedule of penalties for late payment of property tax:

Property	March 16	April 1	May 1	June 1	July 1	July 16	Aug. 1
Class 1 and class 2:							
1st Installment (March 15)	4%	5%	6%	7%	8%	—	8%
2nd Installment (July 15)						4%	5%

3rd Installment (November 15)							
Class 3 and class 4:							
1st Installment (March 15)	8%	9%	10%	11%	12%	—	12%
2nd Installment (July 15)						8%	9%
3rd Installment (November 15)							

	Sept. 1	Oct. 1	Nov. 1	Nov. 16	Dec. 1	The first business day in January
Class 1 and class 2:						
1st Installment (March 15)	8%	8%	8%	—	8%	10%
2nd Installment (July 15)	6%	7%	8%	—	8%	10%
3rd Installment (November 15)				4%	8%	10%
Class 3 and class 4:						
1st Installment (March 15)	12%	12%	12%	—	12%	14%
2nd Installment (July 15)	10%	11%	12%	—	12%	14%
3rd Installment (November 15)				8%	12%	14%

Sec. 16. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

Subd. 3a. [EXTENDED DUE DATES.] Notwithstanding subdivision 2a, if any of the due dates provided in subdivision 1a are extended as a result of a delay in mailing property tax statements, no penalty accrues if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had not been extended must be charged.

Sec. 17. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

Subd. 4. [PARTIAL PAYMENTS.] 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. 18. Minnesota Statutes 1990, section 469.1763, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURES OUTSIDE DISTRICT.] (a) For each tax increment financing district, an amount equal to at least 75 percent of the revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of the revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) If the revenue derived from tax increments of any district is insufficient to expend on activities in the district for which binding contracts were entered into prior to April 30, 1991, or to pay bonds issued prior to April 30, 1991, increments from within the defined geographic area of the project may be expended on the activities or bonds for the district. If the revenue derived from tax increments of one district is insufficient to pay bonds issued under section 469.178, the authority must, in the next levy year, levy in an amount to pay the insufficiency.

Sec. 19. Minnesota Statutes 1990, section 469.177, is amended by adding a subdivision to read:

Subd. 1b. [LOCAL TAX RATE; CONVERSION TO MILLS.] The county auditor shall ensure that the calculations of local tax rates for tax increment districts certified after April 30, 1988, are made consistent with the provisions of section 273.126.

Sec. 20. Minnesota Statutes 1990, section 469.177, subdivision 7, is amended to read:

Subd. 7. [PROPERTY CLASSIFICATION CHANGES.] When any law governing the classification of real property and determining the percentage of market value to be assessed for ad valorem taxation purposes is amended, the increase or decrease in ~~net tax capacity~~ taxable values resulting therefrom shall be applied proportionately to original net ~~tax capacity~~ taxable value and captured net ~~tax capacity~~ taxable value of any tax increment financing district in each year thereafter. This subdivision applies to tax increment districts created pursuant to sections 469.174 to 469.178 or any prior tax increment law.

Sec. 21. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall change the headnote of Minnesota Statutes, section 469.1763, from "Restrictions on Pooling; Five-Year Limit" to "Restrictions and Requirements Regarding Pooling; Five-Year Limit."

Sec. 22. [REPEALER.]

Minnesota Statutes 1990, sections 276.09; 276.11, subdivisions 2 and 3; 276.111; and 279.01, subdivisions 1, 2, and 3, are repealed.

Sec. 23. [EFFECTIVE DATE.]

Sections 1 to 17 and 22 are effective for taxes levied in 1991, payable in 1992. Sections 18 and 20 are effective on the day following final enactment. Section 19 is effective for taxes levied in 1993, payable in 1994, and thereafter."

Renumber the sections and articles in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

POINT OF ORDER

Sviggum raised a point of order pursuant to rule 3.10 that the first portion of the Ogren amendment was not in order. The Speaker ruled the point of order well taken and the first portion of the amendment out of order.

Ogren withdrew the second portion of his amendment to H. F. No. 1086, the first engrossment, as amended.

Stanius; Olsen, S.; Hartle; McPherson; Knickerbocker and Haukoos moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 222, after line 24, insert:

"Sec. 41. Minnesota Statutes 1990, section 349.212, subdivision 4, is amended to read:

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) There is imposed a tax on the sale of each deal of pull-tabs and tipboards sold by a licensed distributor. The rate of the tax is ~~two~~ 1.8 percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A 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 and tipboards are delivered by the distributor to the customer, to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

(1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;

(2) sales to distributors licensed under this chapter;

(3) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province; and

(4) sales of promotional tickets as defined in section 349.12.

(c) Pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section ~~349.214~~ 349.166, subdivision 2, ~~paragraph (b),~~ are exempt from the tax imposed by this subdivision. A distributor must require an organization conducting exempt gambling to show proof of its

exempt status before making a tax-exempt sale of pull-tabs or tipboards to such an organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision."

Renumber the sections in article 8 in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

POINT OF ORDER

Osthoff raised a point of order pursuant to rules 5.09 and 5.10 that the Stanius et al amendment was not in order. The Speaker ruled the point of order not well taken and the amendment in order.

POINT OF ORDER

Osthoff raised a point of order pursuant to rule 3.09 that the Stanius et al amendment was not in order. The Speaker ruled the point of order not well taken and the amendment in order.

The question recurred on the Stanius et al amendment and the roll was called. There were 65 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Abrams	Erhardt	Jennings	McPherson	Schreiber
Anderson, R.	Frederick	Johnson, R.	Morrison	Seaberg
Anderson, R. H.	Frerichs	Johnson, V.	Newinski	Smith
Beard	Girard	Kinkel	Olsen, S.	Stanius
Bettermann	Goodno	Knickerbocker	Omann	Sviggum
Bishop	Gruenes	Koppendrayer	Onnen	Swenson
Blatz	Gutknecht	Krinkie	Ostrom	Thompson
Boo	Hartle	Leppik	Ozment	Tompkins
Carlson	Haukoos	Limmer	Pauly	Uphus
Davids	Heir	Lynch	Pellow	Valento
Dempsey	Henry	Macklin	Pelowski	Waltman
Dille	Hufnagle	Marsh	Runbeck	Weaver
Dorn	Hugoson	McEachern	Schafer	Welker

Those who voted in the negative were:

Anderson, I.	Bodahl	Dawkins	Hausman	Kahn
Battaglia	Brown	Farrell	Jacobs	Kalis
Bauerly	Carruthers	Garcia	Janezich	Kelso
Begich	Clark	Greenfield	Jaros	Krueger
Bertram	Cooper	Hanson	Jefferson	Lasley

Lieder	Nelson, K.	Peterson	Scheid	Tunheim
Long	O'Connor	Pugh	Segal	Vellenga
Lourey	Ogren	Reding	Simoneau	Wagenius
Mariani	Olson, E.	Rest	Skoglund	Wejcman
McGuire	Olson, K.	Rice	Solberg	Welle
Milbert	Orenstein	Rodosovich	Sparby	Wenzel
Munger	Orfield	Rukavina	Steensma	Winter
Murphy	Osthoff	Sarna	Trimble	Spk. Vanasek

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

Girard moved to amend H. F. No. 1086, the first engrossment, as amended, as follows:

Page 14, delete lines 31 to 36

Page 15, line 1, delete "(c)" and insert "(b)"

Page 182, delete section 10

Renumber the sections in article 7 in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Girard amendment and the roll was called. There were 54 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Knickerbocker	Newinski	Stanius
Anderson, R.	Frerichs	Koppendrayer	Olsen, S.	Steensma
Bettermann	Girard	Krinkie	Omann	Swenson
Bishop	Goodno	Leppik	Onnen	Thompson
Blatz	Gruenes	Limmer	Ozment	Tompkins
Boo	Gutknecht	Lynch	Pauly	Uphus
Dauner	Heir	Macklin	Runbeck	Valento
Davids	Henry	Marsh	Schafer	Weaver
Dempsey	Hufnagle	McPherson	Schreiber	Welker
Dille	Hugoson	Morrison	Seaberg	Wenzel
Erhardt	Johnson, V.	Nelson, S.	Smith	

Those who voted in the negative were:

Anderson, I.	Bodahl	Dawkins	Hartle	Jaros
Anderson, R. H.	Brown	Dorn	Hasskamp	Jefferson
Battaglia	Carlson	Farrell	Haukoos	Johnson, A.
Beard	Carruthers	Garcia	Hausman	Johnson, R.
Begich	Clark	Greenfield	Jacobs	Kahn
Bertram	Cooper	Hanson	Janezich	Kelso

Kinkel	Murphy	Ostrom	Sarna	Tunheim
Krueger	Nelson, K.	Pelowski	Scheid	Vellenga
Lasley	O'Connor	Peterson	Segal	Wagenius
Lieder	Ogren	Pugh	Simoneau	Waltman
Lourey	Olson, E.	Reding	Skoglund	Wejcman
Mariani	Olson, K.	Rest	Solberg	Welle
McEachern	Orenstein	Rice	Sparby	Winter
McGuire	Orfield	Rodosovich	Sviggum	Spk. Vanasek
Milbert	Osthoff	Rukavina	Trimble	

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

Ogren offered an amendment to H. F. No. 1086, the first engrossment, as amended.

Schreiber requested a division of the Ogren amendment to H. F. No. 1086, the first engrossment, as amended.

The first portion of the Ogren amendment to H. F. No. 1086, the first engrossment, as amended, reads as follows:

Page 98, after line 16, insert:

"ARTICLE 5

INCOME SENSITIVE HOMESTEAD CREDIT

Section 1. Minnesota Statutes 1990, section 289A.18, subdivision 5, is amended to read:

Subd. 5. [PROPERTY TAX REFUND CLAIMS.] A claim for a refund based on property taxes payable must be filed with the commissioner on or before ~~August 15~~ May 15 of the year in which the property taxes are due and payable. Any claim for refund based on rent paid must be filed on or before August 15 of the year following the year in which the rent was paid.

Sec. 2. Minnesota Statutes 1990, section 289A.56, subdivision 6, is amended to read:

Subd. 6. [PROPERTY TAX REFUNDS UNDER CHAPTER 290A.] (a) When a renter is owed a property tax refund, an unpaid refund bears interest after August 14, or 60 days after the refund claim was made, whichever is later, until the date the refund is paid.

(b) When any other claimant is owed a property tax refund, the unpaid refund bears interest after ~~September 29~~ July 14, or 60 days after the refund claim was made, whichever is later, until the date the refund is paid.

Sec. 3. Minnesota Statutes 1990, section 290A.01, is amended to read:

290A.01 [CITATION.]

This chapter may be cited as the "state of Minnesota ~~property tax refund~~ income sensitive homestead credit act."

Sec. 4. Minnesota Statutes 1990, section 290A.04, subdivision 2, is amended to read:

Subd. 2. [HOMEOWNERS.] A claimant whose property taxes payable 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. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
$0 to 999	~~1.2~~ 2.0 percent	~~22~~ 8 percent	~~$400~~ $600
1,000 to 1,999	~~1.3~~ 2.0 percent	~~24~~ 10 percent	~~$400~~ $600
2,000 to 2,999	~~1.4~~ 2.0 percent	~~26~~ 12 percent	~~$400~~ $600
3,000 to 3,999	~~1.6~~ 2.0 percent	~~28~~ 14 percent	~~$400~~ $600
4,000 to 4,999	~~1.7~~ 2.0 percent	~~30~~ 16 percent	~~$400~~ $600
5,000 to 5,999	~~1.9~~ 2.0 percent	~~33~~ 20 percent	~~$400~~ $600
6,000 to 6,999	~~1.9~~ 2.0 percent	~~35~~ 22 percent	~~$400~~ $600
7,000 to 7,999	~~2.1~~ 2.0 percent	~~38~~ 24 percent	~~$400~~ $600
8,000 to 8,999	~~2.2~~ 2.0 percent	~~40~~ 26 percent	~~$400~~ $600
9,000 to 9,999	~~2.3~~ 2.0 percent	~~42~~ 27 percent	~~$400~~ $600
10,000 to ~~10,999~~ 14,999	~~2.4~~ 2.1 percent	~~45~~ 28 percent	~~$400~~ $600
~~11,000 to 11,999~~	~~2.5 percent~~	~~48 percent~~	~~$400~~
~~12,000 to 13,999~~	~~2.6 percent~~	~~48 percent~~	~~$400~~
~~14,000 to 14,999~~	~~2.8 percent~~	~~48 percent~~	~~$400~~

15,000 to ~~15,999~~ 19,999	~~3.0~~ 2.1 percent	~~50~~ 30 percent		~~$400~~ $600
~~16,000 to 16,999~~	~~3.2 percent~~	~~50 percent~~		~~$400~~
~~17,000 to 20,999~~	~~3.3 percent~~	~~50 percent~~		~~$400~~
~~21,000 to 23,999~~	~~3.4 percent~~	~~50 percent~~		~~$400~~
~~24,000 to 24,999~~	~~3.5 percent~~	~~50 percent~~		~~$400~~
~~25,000 to 27,999~~	~~3.5 percent~~	~~50 percent~~		~~$400~~
~~28,000 to 29,999~~	~~3.5 percent~~	~~50 percent~~		~~$400~~
~~30,000 to 34,999~~	~~3.5 percent~~	~~55 percent~~		~~$400~~
~~35,000 to 39,999~~	~~3.7 percent~~	~~55 percent~~		~~$400~~
~~40,000 to 56,999~~	~~4.0 percent~~	~~55 percent~~		~~$400~~
20,000 to 45,999	2.2 percent	30 percent		$600
46,000 to 46,999	2.2 percent	31 percent		$600
47,000 to 47,999	2.2 percent	32 percent		$600
48,000 to 48,999	2.2 percent	33 percent		$600
49,000 to 49,999	2.2 percent	34 percent		$600
50,000 to 50,999	2.2 percent	35 percent		$600
51,000 to 51,999	2.2 percent	36 percent		$600
52,000 to 52,999	2.2 percent	37 percent		$600
53,000 to 53,999	2.2 percent	38 percent		$600
54,000 to 54,999	2.2 percent	39 percent		$600
55,000 to 55,999	2.2 percent	40 percent		$600
56,000 to 56,999	2.2 percent	42 percent		$600
57,000 to 57,999	~~4.0~~ 2.2 percent	~~55~~ 44 percent		~~$300~~ $600
58,000 to 58,999	~~4.0~~ 2.2 percent	~~55~~ 46 percent		~~$200~~ $600
59,000 to 59,999	~~4.0~~ 2.2 percent	~~55~~ 48 percent		~~$100~~ $600
60,000 to 60,999	2.4 percent	50 percent		$550
61,000 to 61,999	2.6 percent	52 percent		$500
62,000 to 62,999	2.7 percent	54 percent		$450
63,000 to 63,999	2.8 percent	56 percent		$450
64,000 to 64,999	3.0 percent	57 percent		$400

65,000 to 65,999	3.2 percent	57 percent	$350
66,000 to 66,999	3.4 percent	59 percent	$300
67,000 to 67,999	3.6 percent	59 percent	$225
68,000 to 68,999	3.8 percent	60 percent	$150
69,000 to 69,999	4.0 percent	60 percent	$100

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~$60,000~~ $70,000 or more.

Sec. 5. Minnesota Statutes 1990, section 290A.04, is amended by adding a subdivision to read:

Subd. 2j. Effective beginning for taxes payable in 1992, a claimant who is a homeowner is allowed a credit equal to the excess of the claimant's net property taxes, over the greater of (1) eight percent of the claimant's household income or (2) two percent of the market value of the homestead. In order to qualify for a credit under this subdivision, the claimant or the spouse of the claimant must be at least 62 years of age on December 31 of the year prior to the year in which the taxes are payable. The commissioner of revenue may require claimants to certify eligibility for the credit in a form the commissioner prescribes. For purposes of this subdivision, "net property taxes" means property taxes payable after reduction for all state paid credits and after deduction of the refund for which the claimant qualifies under subdivision 2.

Sec. 6. Minnesota Statutes 1990, section 290A.07, subdivision 2a, is amended to read:

Subd. 2a. A claimant who is a renter ~~or a homeowner who occupies a manufactured home, as defined in section 274.19, subdivision 8, paragraph (c),~~ shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

Sec. 7. Minnesota Statutes 1990, section 290A.07, subdivision 3, is amended to read:

Subd. 3. A claimant not included in subdivision 2a shall receive full payment after ~~September 15~~ July 1 and before ~~September 30~~ July 15.

Sec. 8. [REPEALER.]

Minnesota Statutes 1990, section 290A.04, subdivisions 2b, 2h, and 2i, are repealed.

Sec. 9. [INSTRUCTIONS TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "income sensitive homestead credit" for the words "property tax refund" wherever those words occur in Minnesota Statutes, chapters 289A and 290A.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 8 are effective beginning for property taxes payable in 1992 and refunds payable in 1992."

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the first portion of the Ogren amendment and the roll was called. There were 56 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Krinkie	Omann	Sviggum
Anderson, R. H.	Goodno	Lasley	Onnen	Swenson
Bettermann	Gruenes	Leppik	Ozment	Uphus
Blatz	Hartle	Limmer	Pauly	Valento
Boo	Haukoos	Lynch	Pellow	Waltman
Davids	Heir	Macklin	Runbeck	Weaver
Dempsey	Henry	Marsh	Schafer	Welker
Dille	Hufnagle	McGuire	Schreiber	Wenzel
Erhardt	Hugoson	McPherson	Seaberg	
Frederick	Johnson, V.	Morrison	Smith	
Frerichs	Knickerbocker	Newinski	Stanius	
Garcia	Koppendrayer	Olsen, S.	Steensma	

Those who voted in the negative were:

Anderson, I.	Dorn	Kelso	Olson, E.	Scheid
Anderson, R.	Farrell	Kinkel	Olson, K.	Segal
Battaglia	Greenfield	Krueger	Orenstein	Skoglund
Bauerly	Gutknecht	Lieder	Orfield	Solberg
Beard	Hanson	Long	Osthoff	Sparby
Begich	Hausman	Lourey	Ostrom	Thompson
Bertram	Jacobs	Mariani	Pelowski	Tompkins
Bodahl	Janezich	McEachern	Peterson	Trimble
Brown	Jaros	Milbert	Pugh	Tunheim
Carlson	Jefferson	Munger	Reding	Vellenga
Carruthers	Jennings	Murphy	Rest	Wagenius
Clark	Johnson, A.	Nelson, K.	Rice	Wejcman
Cooper	Johnson, R.	Nelson, S.	Rodosovich	Welle
Dauner	Kahn	O'Connor	Rukavina	Winter
Dawkins	Kalis	Ogren	Sarna	Spk. Vanasek

The motion did not prevail and the first portion of the Ogren amendment was not adopted.

The second portion of the Ogren amendment to H. F. No. 1086, the first engrossment, as amended, reads as follows:

Pages 3 to 20, delete articles 1 and 2

Pages 31 to 47, delete sections 13 to 20 and insert:

"Sec. 13. [273.125] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions listed in subdivisions 2 to 14 must be used in classifying property under section 273.126.

Subd. 2. [RESIDENTIAL PROPERTY.] "Residential property" means a dwelling occupied by one or more persons and includes seasonal recreational property used for either commercial or noncommercial purposes, hospitals defined in section 144.50, subdivision 6, and subsidized housing, but excludes nonsubsidized residential property containing four or more dwelling units.

Subd. 3. [AGRICULTURAL LAND.] "Agricultural land" means land primarily used during the preceding year for agricultural purposes. Agricultural land may include slough, wasteland, and woodland contiguous to or surrounded by agricultural land, if under the same ownership and management, and land included in state or federal farm programs.

Subd. 4. [AGRICULTURAL PURPOSES.] "Agricultural purposes" means the raising or cultivation of agricultural products, including: (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products produced by the owner, (2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use, and (3) the commercial boarding of horses if the boarding is done in conjunction with the raising or cultivation of agricultural products as defined in clause (1).

Subd. 5. [TIMBERLAND PROPERTY.] "Timberland property" is real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products.

Subd. 6. [SUBSIDIZED HOUSING.] "Subsidized housing" means:

(a) A structure situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined

by title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. This paragraph applies only to property of a nonprofit or limited dividend entity. Property is classified under this paragraph for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan.

(b) A structure that is:

(1) situated upon real property that is used for housing low-income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended;

(2) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988, or (ii) meets the requirements of that section. Classification under this clause is limited to a term of 15 years.

(c) A parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families of individuals. This paragraph does not apply to any part of the land or improvements used for nonresidential purposes. For purposes of this paragraph, a "lower income family" is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this paragraph, "neighborhood real estate trust" is further defined to mean an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (1) it is a nonprofit corporation organized under chapter 317A; (2) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (3) it limits membership with voting rights to residents of the designated community; and (4) it

has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust.

(d) A structure:

(1) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined by the Farmers Home Administration;

(2) located in a municipality of less that 10,000 population; and

(3) financed by a direct loan or insured loan from the farmers home administration.

Property is classified under this paragraph for 15 years from the date of the completion of the original construction or for the original term of the loan.

This subdivision applies to the property described only in proportion to occupancy of the structure by elderly or handicapped persons or low- and moderate-income families as defined in the applicable laws, unless construction of the structure has been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. This housing is property of a nonprofit or limited dividend entity.

Subd. 7. [SEASONAL RECREATIONAL PROPERTY.] "Seasonal recreational property" is real property devoted to seasonal residential occupancy for recreation purposes for not more than 225 days in the year preceding the year of assessment.

Subd. 8. [COMMERCIAL RECREATIONAL PROPERTY.] "Commercial recreational property" means real property devoted to a commercial purpose that is contiguous to and used in conjunction with seasonal recreational property that is under the same ownership and management.

Subd. 9. [NONPROFIT COMMUNITY SERVICE ORIENTED ORGANIZATION.] A "nonprofit community service oriented organization" means real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization. The property must not be used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment, and the property must not be used for residential purposes on either a temporary or permanent basis. For purposes of this subdivision, a nonprofit community service oriented organization means any cor-

poration, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this subdivision, "revenue-producing activities" includes but is not limited to property, or that part of the property, that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization, is not considered a revenue-producing activity.

Subd. 10. [MANUFACTURED HOME PARK.] "Manufactured home park" means any site, lot, field, or tract of land upon which two or more occupied manufactured homes are located, either free of charge or for compensation, and includes any building, structure, tent, vehicle, or enclosure used or intended for use as part of the equipment of the manufactured home park.

Sec. 14. [273.126] [VALUATION AND CLASSIFICATION OF PROPERTY.]

Subdivision 1. [MANNER OF VALUATION AND CLASSIFICATION.] All real and personal property subject to a general property tax and not subject to a gross earnings or other fee in lieu of tax, is classified as provided by this section.

Subd. 2. [CLASS 1.] Class 1 property must be valued at 100 percent of market value, provided that 75 percent of the market value is exempt from valuation for purposes of real estate taxes. Class 1 property includes agricultural land and improvements, and timberland property. The combined market value of each house, garage, and the immediately surrounding one acre of land is class 2 property.

Subd. 3. [CLASS 2.] Class 2 property must be valued at 100 percent of market value, provided that 50 percent of the market value is exempt from valuation for purposes of real estate taxes. Class 2 property includes residential property.

For all types of subsidized housing, the assessor shall determine the market value by using the normal approach to value and using normal unrestricted rents.

Subd. 4. [CLASS 3.] Class 3 property must be valued at 100

percent of market value, with a 25 percent exemption for purposes of valuation for real estate taxes. "Market value" for purposes of this subdivision includes the land and the buildings. Class 3 property includes:

(1) residential real estate with four or more units and used or held for use by the owner, or by the tenants or lessees of the owner, as a residence for rental periods of 30 days or more;

(2) that portion of the market value of commercial, industrial, and utility property that does not exceed $120,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a 25 percent exemption on the first $120,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a 25 percent exemption on the first $120,000 of market value;

(3) manufactured home parks of four or more units;

(4) commercial recreational property; and

(5) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization.

Subd. 5. [CLASS 4.] Class 4 property must be valued at 100 percent of market value. Class 4 property includes:

(1) that portion of the market value of commercial, industrial, and utility property in excess of $120,000;

(2) tools, implements, and machinery of an electric generating system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures; and

(3) unmined iron ore and low-grade iron-bearing formations as defined in section 273.14.

Subd. 6. [UNIMPROVED LAND.] Real property that is not improved with a structure and that is not used as part of a commercial or industrial activity must be classified according to its highest and best use permitted under the local zoning ordinance, and consistent with this section. If no ordinance exists, the land must be classified in the same manner as the surrounding land or land in the most immediate proximity to the vacant land.

Subd. 7. [SUBSTANDARD BUILDINGS.] The amount of market value exempt from property taxes for residential property that is

found to be a substandard building under section 273.1316 shall be reduced by 25 percent of the property's market value.

Subd. 8. [MULTI-USE PROPERTY.] In the case of multi-use property, the valuation and classification is apportioned according to the uses of the property.

Sec. 15. Minnesota Statutes 1990, section 273.13, is amended by adding a subdivision to read:

Subd. 33. [PAYABLE 1992 TRANSITION RATES FOR REAL PROPERTY.] For taxes payable in 1992, the following class rates apply to properties, as classified and defined in Minnesota Statutes 1990, section 273.13, subdivisions 21a to 32:

(a) Class 1a and 1b property has a class rate of 1.3 percent for the first $68,000 of market value, a class rate of 2.0 percent for the portion of market value in excess of $68,000 but not exceeding $110,000, and a class rate of 2.7 percent for that portion of market value exceeding $110,000.

(b) Class 1c property has a class rate of 1.2 percent for the first $32,000 of market value and a class rate of 1.3 percent for the portion of market value in excess of $32,000 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. The remainder of class 1c property has a class rate of 2.2 percent.

(c) Class 2a agricultural land has the following class rates: the market value of the house and garage and immediately surrounding one acre of land has the same class rates specified in this subdivision for class 1a property. If the market value of the house, garage, and surrounding one acre of land is less than $110,000, the value of the remaining land including improvements equal to the difference between $110,000 and the market value of the house, garage, and surrounding one acre of land has a class rate of 0.6 percent. The remaining value of class 2a property over $110,000 of market value that does not exceed 320 acres has a class rate of 1.2 percent. The remaining property over $110,000 market value in excess of 320 acres has a class rate of 1.4 percent.

(d) Class 2b timberland has a class rate of 1.4 percent.

(e) Class 2b agricultural land has a class rate of 2.7 percent for the house, garage, and immediately surrounding one acre; the remainder of the land has a class rate of 1.4 percent.

(f) Class 3a property has a class rate of 3.0 percent for the first

$120,000 of market value and a class rate of 4.6 percent for the portion of market value in excess of $120,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first $120,000 of market value. In the case of other class 3a property owned by one person or entity, only one parcel in each county has a reduced class rate on the first $120,000 of market value.

(g) Class 3b property has a class rate of 3.0 percent for the first $120,000 of market value and a class rate of 4.6 percent for the portion of market value in excess of $120,000. Class 3b property qualifying for reduced class rates under subdivision 24, paragraph (b), has a class rate of 3.0 percent.

(h) Class 4a property has a class rate of 3.4 percent.

(i) Class 4b property has a class rate of 2.7 percent.

(j) Class 4c property has a class rate of 2.2 percent, except that the land on which structures described in subdivision 25, paragraphs (c), clauses (1) to (3), and (d), are located has the following class rate: 2.7 percent if the structure contains fewer than four units, and 3.1 percent if the structure contains four or more units.

(k) Class 4d property has a class rate of 2.0 percent.

(l) Class 5 property has a class rate of 4.6 percent.

Sec. 16. Minnesota Statutes 1990, section 273.13, is amended by adding a subdivision to read:

Subd. 34. [PAYABLE 1993 TRANSITION RATES FOR REAL PROPERTY.] For taxes payable in 1993, the following class rates apply to properties, as classified and defined in Minnesota Statutes 1990, section 273.13, subdivisions 21a to 32.

(a) Class 1a and 1b property has a class rate of 1.7 percent for the first $68,000 of market value, class rate of 2.0 percent for the portion of market value in excess of $68,000 but not exceeding $110,000, and a class rate of 2.3 percent for that portion of market value exceeding $110,000.

(b) Class 1c property has a class rate of 1.6 percent for the first $32,000 of market value and a class rate of 1.7 percent for the portion of market value in excess of $32,000 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. The remainder of class 1c property has a class rate of 2.1 percent.

(c) Class 2a agricultural land has the following class rates: the market value of the house and garage and immediately surrounding one acre of land has the same class rates specified in this subdivision for class 1a property. If the market value of the house, garage, and surrounding one acre of land is less than $110,000, the value of the remaining land including improvements equal to the difference between $110,000 and the market value of the house, garage, and surrounding one acre of land has a class rate of 0.8 percent. The remaining value of class 2a property over $110,000 of market value that does not exceed 320 acres has a class rate of 1.1 percent. The remaining property over $110,000 market value in excess of 320 acres has a class rate of 1.2 percent

(d) Class 2b timberland has a class rate of 1.2 percent.

(e) Class 2b agricultural land has a class rate of 2.4 percent for the house, garage, and immediately surrounding one acre; the remainder of the land has a class rate of 1.2 percent.

(f) Class 3a property has a class rate of 3.0 percent for the first $120,000 of market value and a class rate of 4.3 percent for the portion of market value in excess of $120,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first $120,000 of market value. In the case of other class 3a property owned by one person or entity, only one parcel in each county has a reduced class rate on the first $120,000 of market value.

(g) Class 3b property has a class rate of 3.0 percent for the first $120,000 of market value and a class rate of 4.3 percent for the portion of market value in excess of $120,000. Class 3b property qualifying for reduced class rates under subdivision 24, paragraph (b), has a class rate of 3.0 percent.

(h) Class 4a property has a class rate of 3.2 percent

(i) Class 4b property has a class rate of 2.3 percent.

(j) Class 4c property has a class rate of 2.1 percent, except that the land on which structures described in subdivision 25, paragraphs (c), clauses (1) to (3), and (d), are located has the following class rate: 2.3 percent if the structure contains fewer than four units, and 2.5 percent if the structure contains four or more units.

(k) Class 4d property has a class rate of 2.0 percent.

(l) Class 5 property has a class rate of 4.3 percent."

Page 54, after line 26, insert:

"Sec. 27. Minnesota Statutes 1990, section 275.08, is amended by adding a subdivision to read:

Subd. 5. [COMPUTATION OF TAXABLE VALUE; MILL RATE.] For taxes levied in 1993 and payable in 1994 and subsequent years, the county auditor shall compute the taxable value for each parcel according to the classification system described in section 273.126. The taxable value is the parcel's market value, less any exemption. The tax rate is expressed as a mill rate."

Page 72, after line 3, insert:

"Sec. 55. [PROPOSED LEGISLATION.]

The commissioner of revenue shall prepare legislation for introduction in the 1993 legislative session to change references to Minnesota Statutes, section 273.13 to the appropriate section and subdivision and to change references to particular class rates to the appropriate exemption rates. The proposed legislation shall also change "tax capacity" to "taxable value" where it is appropriate to the context of the statute, and change "class rates" to "exemption rates." The revisor of statutes shall assist in the preparation of the legislation as requested by the commissioner. Legislation proposed under this section is not subject to fees under Minnesota Statutes, sections 3C.035, subdivision 2, and 3C.056."

Page 72, line 5, after "sections" insert "273.124, 273.13,"

Renumber the sections in article 3

Correct internal references

Pages 73 to 98, delete article 4 and insert:

"ARTICLE 4

STATE AIDS

Section 1. Minnesota Statutes 1990, section 273.138, subdivision 5, is amended to read:

Subd. 5. The commissioner of revenue shall calculate the aids pursuant to ~~subdivisions 2 and~~ subdivision 3, basing all necessary calculations on the abstracts of assessment of real property for assessment year 1972 transmitted to the commissioner of revenue pursuant to section 270.11 as equalized by the state board of equalization pursuant to sections 270.11 and 270.12, and the 1973 abstracts of tax lists transmitted by the county auditors pursuant to section 275.29. The commissioner shall pay directly to the affected

taxing authorities their total payment for the year at the time distributions are made pursuant to section 273.13, subdivision 15a.

Sec. 2. Minnesota Statutes 1990, section 273.1391, subdivision 2, is amended to read:

Subd. 2. For taxes payable in ~~1990~~ 1992 and subsequent years, the amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, 57 percent of the school district tax on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum amounts specified in clause (c)~~, and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate~~. In no case will the reduction for each homestead resulting from this credit be less than $10. The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the school district tax, but not to exceed the maximums specified in clause (c)~~, and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate~~. In no case will the reduction for each homestead resulting from this credit be less than $10.

(c) The maximum reduction of the tax is ~~$200.10~~ $100 for taxes payable in ~~1985~~ 1992. This maximum amount shall increase by ~~$15 multiplied by the quantity one minus the homestead credit equivalency percentage~~ $5 per year for taxes payable in ~~1986~~ 1993 and subsequent years.

~~For the purposes of this subdivision, "homestead credit equiva-~~

~~lency percentage" means one minus the ratio of the net class rate to the gross class rate applicable to the first $68,000 of the market value of residential homesteads, and "effective tax rate" means tax divided by the market value of a property, and the "base year effective tax rate" means the payable 1988 tax on a property with an identical market value to that of the property receiving the credit in the current year after application of the credits payable under Minnesota Statutes 1988, section 273.13, subdivisions 22 and 23, and this section, divided by the market value of the property.~~

Sec. 3. Minnesota Statutes 1990, section 273.1398, subdivision 1, is amended to read:

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

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of local tax rates.

~~(c) "Gross tax capacity" means the product of the gross class rates and estimated market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under section 273.425. Gross tax capacity cannot be less than zero.~~

~~(d) "Net tax capacity" means the product of (i) the appropriate net class rates for the year in which the aid is payable, except that for aids payable in 1991 the class rate applied to class 3 utility real and personal property shall be 5.38 percent; the class rate applied to class 4c property and that portion of class 3 property with an actual net class rate of 2.3 percent shall be 2.4 percent; the class rates applied to class 2a agricultural homestead property excluding the house, garage, and one acre shall be .4 percent for the first $100,000 of value reduced by the value of the house, garage, and one acre, 1.3 percent for the remaining value of the first 320 acres, and 1.7 percent for the remaining value of any acreage in excess of 320 acres; the class rate applied to class 2b property shall be 1.7 percent; the class rate applied to class 1b property shall be .4 percent; and the class rate for the portion of class 1 property and the house, garage, and one acre portion of class 2a property with a market value in excess of $100,000 shall be 3.0 percent, and (ii) estimated market values for the assessment two years prior to that in which aid is~~

~~payable. The reclassification of mobile home parks as class 4e shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991 or 1992. The reclassification of fraternity and sorority houses as class 4e shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.~~

~~(e)~~ (c) "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all property within the ~~unique taxing jurisdiction~~ school district. The total previous net tax capacity shall be reduced by the sum of (1) the ~~unique taxing jurisdiction's~~ school district's previous net tax capacity of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the ~~unique taxing jurisdiction~~ school district is located, (2) the previous net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the previous net tax capacity of transmission lines deducted from a ~~local government's~~ school district's total net tax capacity *under* section 273.425. Previous net tax capacity cannot be less than zero.

~~(f) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. The equalized market values shall equal the unequalized market values divided by the assessment sales ratio.~~

~~(g) "1989 local tax rate" means the quotient derived by dividing the gross taxes levied within a unique taxing jurisdiction for taxes payable in 1989 by the gross tax capacity of the unique taxing jurisdiction for taxes payable in 1989. For computation of the local tax rate for aid payable in 1991 and subsequent years, gross taxes for taxes payable in 1989 exclude equalized levies as defined in subdivision 2a. For purposes of computation of the local tax rate only, gross taxes shall not be adjusted by inflation or household growth.~~

(d) "Net tax capacity" means the product of the appropriate net class rates for the year in which aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total net tax capacity" means the net tax capacities for all property within the school district. The total net tax capacity shall be reduced by the sum of (1) the school district's net tax capacity of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the school district is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a school district's total net tax capacity under section 273.425. Net tax capacity cannot be less than zero.

~~(h)~~ (e) "Current local tax rate" means the quotient derived by dividing the school district taxes levied within a ~~unique taxing jurisdiction~~ school district for taxes payable in the year prior to that for which aids are being calculated by the net tax capacity of the ~~unique taxing jurisdiction~~ school district reduced by the sum of (1) the school district's net tax capacity of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the school district is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a school district's total net tax capacity under section 273.425. Net tax capacity cannot be less than zero.

~~(i) For purposes of calculating the homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's 1989 local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.~~

~~(j) For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties," "gross taxes," or "taxes levied" means the total taxes levied on all properties except that levied on the captured~~

~~value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction. Gross taxes levied on all properties or gross taxes are before reduction by any credits for taxes payable in 1989. "Gross taxes" are before any reduction for disparity reduction aid but "taxes levied" are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.~~

~~For homestead and agricultural credit aid payable in 1991, "gross taxes" or "gross taxes levied on all properties" shall mean gross taxes payable in 1989, excluding actual amounts levied for the purposes listed in subdivision 2a, multiplied by the cost of living adjustment factor and the household adjustment factor.~~

~~"Taxes levied" excludes actual amounts levied for purposes listed in subdivision 2a.~~

~~(k)~~ (f) "Human services aids" means:

(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;

(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(3) general assistance medical care under section 256D.03, subdivision 6;

(4) general assistance under section 256D.03, subdivision 2;

(5) work readiness under section 256D.03, subdivision 2;

(6) emergency assistance under section 256.871, subdivision 6;

(7) Minnesota supplemental aid under section 256D.36, subdivision 1;

(8) preadmission screening and alternative care grants under section 256B.091;

(9) work readiness services under section 256D.051;

(10) case management services under section 256.736, subdivision 13;

(11) general assistance claims processing, medical transportation and related costs; and

(12) medical assistance, medical transportation and related costs.

~~(l) "Cost of living adjustment factor" means the greater of one or one plus the percentage increase in the consumer price index minus .36 percent. In no case may the cost of living adjustment factor exceed 1.0394.~~

~~(m) The percentage increase in the consumer price index means the percentage, if any, by which:~~

~~(1) the consumer price index for the calendar year preceding that in which aid is payable, exceeds~~

~~(2) the consumer price index for calendar year 1989.~~

~~(n) "Consumer price index for any calendar year" means the average of the consumer price index as of the close of the 12-month period ending on May 31 of such calendar year.~~

~~(o) "Consumer price index" means the last consumer price index for all urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1989 shall be used.~~

~~(p) "Household adjustment factor" means the number of households for the second most recent year preceding that in which the aids are payable divided by the number of households for the third most recent year. The household adjustment factor cannot be less than one.~~

~~(q)~~ (g) "Growth adjustment factor" means ~~the household adjustment factor in the case of counties, cities, and towns. In the case of school districts the growth adjustment factor means~~ the average daily membership of the school district under section 124.17, subdivision 2, for the school year ending in the second most recent year preceding that in which the aids are payable divided by the average daily membership for the third most recent year. ~~In the case of special taxing districts, the growth adjustment factor equals one.~~ The growth adjustment factor cannot be less than one.

~~(r)~~ (h) "Homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid ~~under subdivision 2b~~.

~~(s)~~ (i) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2)

the ~~unique taxing jurisdiction's~~ school district's current local tax rate. The net tax capacity adjustment cannot be less than zero.

~~(i)~~ (j) "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F.08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which aids are being calculated. In the case of school districts, the fiscal disparity distribution levy shall exclude that part of the levy attributable to equalized school levies as defined in subdivision 2a.

Sec. 4. Minnesota Statutes 1990, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD AND AGRICULTURAL CREDIT AID.] ~~(a) For aid payable in 1991, homestead and agricultural credit aid for each unique taxing jurisdiction equals the total gross taxes levied on all properties, minus the unique taxing jurisdiction's subtraction factor. The commissioner of revenue may, in computing the amount of the homestead and agricultural credit aid paid in 1990 and subsequent years, adjust the gross tax capacity, net tax capacity, and gross taxes of a taxing jurisdiction for taxes payable in 1989 to reflect auditor's errors in computing taxes payable for 1989 in unique taxing jurisdictions within independent school district Nos. 720 and 792. Homestead and agricultural credit aid cannot be less than zero.~~

~~(b)(1) The 1990 and 1991 homestead and agricultural credit aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bears to the total gross taxes levied within the unique taxing jurisdiction. The net tax capacity adjustment is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's taxes levied bears to the total taxes levied in the unique taxing jurisdiction.~~

~~(2) The 1990 homestead and agricultural credit aid so determined for school districts for purposes of general education levies pursuant to section 124A.23, subdivisions 2 and 2a, and transportation levies pursuant to section 275.125, subdivisions 5 and 5c, shall be multiplied by the ratio of the adjusted gross tax capacity based upon the 1988 adjusted gross tax capacity to the estimated 1987 adjusted gross tax capacity based upon the 1987 adjusted assessed value.~~

~~(c) The calendar year 1990 homestead and agricultural credit aid shall be adjusted by the adjustment factor.~~

~~(d) Payments under this subdivision to counties in 1990 and 1991 shall be reduced by the amount provided in section 477A.012, subdivisions 3, paragraph (d), 4, paragraph (d), and 5.~~

~~(e) Payments under this subdivision to towns in 1990 and 1991 shall be reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivision 6.~~

~~(f) Payments under this subdivision to cities in 1990 and 1991 shall be reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivisions 6 and 7.~~

~~(g) Payments under this subdivision to special taxing districts, excluding hospital districts and the regional transit board defined in section 473.373, in 1990 and 1991 shall be reduced by an amount equal to 2.35 percent of the amount levied for taxes payable in 1990, before reduction for homestead and agricultural credit aid and disparity reduction aid. Payments under this subdivision to the regional transit board in 1990 and 1991 shall be reduced by $450,000.~~

~~(h)~~ Payments under this subdivision to all ~~taxing jurisdictions~~ school districts in 1992 and subsequent years are equal to the product of (1) the homestead and agricultural credit aid base, and (2) the growth adjustment factor, plus the net tax capacity adjustment and the fiscal disparity adjustment.

Sec. 5. Minnesota Statutes 1990, section 273.1398, subdivision 3, is amended to read:

Subd. 3. [DISPARITY REDUCTION AID.] ~~(a)~~ For taxes payable in 1990, and subsequent years, the amount of school district disparity aid originally certified for each unique taxing jurisdiction for taxes payable in the prior year shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for taxes payable in the year for which aid is being computed, to (2) its tax capacity using the class rates for taxes payable in the year prior to that for which aid is being computed, both based upon market values for taxes payable in the year prior to that for which aid is being computed.

~~(b) The disparity reduction aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's payable gross taxes bears to the total payable gross taxes levied within the unique taxing jurisdiction.~~

Sec. 6. Minnesota Statutes 1990, section 273.1398, subdivision 6, is amended to read:

Subd. 6. [PAYMENT.] ~~The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before December 1, 1989, and October 1 thereafter of the year preceding the distribution year to the county auditor of the affected local government and pay them to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions. The disparity reduction credit provided in subdivision 4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3.~~ Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax.

Sec. 7. Minnesota Statutes 1990, section 275.07, subdivision 3, is amended to read:

Subd. 3. The county auditor shall adjust each ~~local government's~~ school district's levy certified under subdivision 1, ~~except for the equalization levies defined in section 273.1398, subdivision 2a, paragraph (a),~~ by the amount of homestead and agricultural credit aid certified by section 273.1398, ~~subdivision 2, reduced by the amount under section 273.1398, subdivision 5a; fiscal disparity homestead and agricultural credit aid under section 273.1398, subdivision 2b; and equalization aid certified by section 477A.013, subdivision 5.~~

Sec. 8. Minnesota Statutes 1990, section 275.08, is amended to read:

275.08 [AUDITOR TO FIX RATE.]

Subdivision 1. [GENERALLY.] The rate ~~percent~~ of all taxes, except the state tax and taxes the rate of which may be fixed by law, shall be calculated and fixed by the county auditor according to the limitations in this chapter hereinafter prescribed; provided, that if any county, city, town, or school district shall return a greater amount than the prescribed rates will raise, the auditor shall extend only such amount of tax as the limited rate will produce.

Subd. 1a. For taxes payable in 1989, the county auditor shall compute the gross tax capacity for each parcel according to the class rates specified in section 273.13. The gross tax capacity will be the appropriate class rate multiplied by the parcel's market value. For taxes payable in 1990 ~~and subsequent years~~ to 1993, the county auditor shall compute the net tax capacity for each parcel according to the class rates specified in section 273.13. The net tax capacity will be the appropriate class rate multiplied by the parcel's market value.

Subd. 1b. The amounts certified under section 275.07 after adjustment under section 275.07, subdivision 3, by an individual local government unit shall be divided by the total gross tax capacity of all taxable properties within the local government unit's taxing jurisdiction for tax payable in 1989 and by the total net tax capacity of all taxable properties within the local government unit's taxing jurisdiction, for taxes payable in 1990 ~~and thereafter~~ to 1993. The resulting ratio, the local government's local tax rate, multiplied by each property's gross tax capacity for taxes payable in 1989 and net tax capacity for taxes payable in 1990 ~~and subsequent years~~ to 1993 shall be each property's total tax for that local government unit before reduction by any credits.

For taxes payable in 1994 and thereafter, the amounts certified under section 275.07, after adjustment under section 275.07, subdivision 3, by an individual local government unit shall be divided by the total taxable value of all taxable properties within the local government unit's taxing jurisdiction. The resulting ratio, the local government's mill rate, multiplied by each property's taxable value, shall be each property's total tax for that local government before reduction for any credits.

Subd. 1c. After the local tax rate of a local government has been determined pursuant to subdivision 1b, the auditor shall adjust the local government's local tax rate within each unique taxing jurisdiction as defined in section 273.1398, subdivision 1, in which the local government exercises taxing authority. The adjustment shall equal the unique taxing jurisdiction's disparity reduction aids allocated to the local government pursuant to section 273.1398, subdivision 3, divided by the total ~~tax capacity~~ taxable value of all taxable property within the unique taxing jurisdiction. The adjustment shall reduce the local tax rate of the local government within the unique taxing jurisdiction for which the adjustment was calculated.

Subd. 1d. If, after computing each local government's adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the auditor finds that the total adjusted local tax rate of all local governments combined is less than 90 percent of gross tax capacity for taxes payable in 1989 and 90 percent of net tax capacity for taxes payable in 1990 to 1993, and mills equivalent to 90 percent of total taxable value for taxes payable in 1994 and thereafter, the auditor shall increase each local government's adjusted local tax rate proportionately so the total adjusted local tax rate of all local governments combined equals 90 percent. The total amount of the increase in tax resulting from the increased local tax rates must not exceed the amount of disparity aid allocated to the unique taxing district under section 273.1398. The auditor shall certify to the department of revenue the difference between the disparity aid originally allocated under section 273.1398, subdivision 3, and the amount necessary to reduce the total adjusted local tax rate of all local governments combined to 90 percent. Each local government's

disparity reduction aid payment under section 273.1398, subdivision 6, must be reduced accordingly.

Subd. 2. [ESTIMATES.] If, by January 15 of any year, the county auditor has not received from another county auditor the local tax rate ~~or gross tax capacity~~ applicable to any taxing district lying in two or more counties, the county auditor who has not received the necessary information may levy taxes for the overlapping district by estimating the local tax rate ~~or the gross tax capacity~~.

Subd. 3. [ASSISTANCE OF COUNTY AUDITOR.] A county auditor who has not furnished the local tax rate or ~~gross tax capacity~~ taxable value of property in the county by January 15 shall, on request, furnish the county auditor of a county in the overlapping district an estimate of the ~~tax capacities~~ total taxable values or the local tax rate. The auditor may request the assistance of the county assessor in determining the estimate.

Subd. 4. [SUBSEQUENT ADJUSTMENT.] After the correct local tax rate or ~~net tax capacity~~ taxable value has been certified, the amount of taxes over or under levied shall be computed and notice sent to each affected taxing district. If the estimated tax levy exceeds the correct tax levy based on ~~actual net tax capacity and~~ the local tax rate, the county treasurer shall remit any amount of excess collected to the affected taxing district. In the following levy year, the estimating county auditor shall adjust the levy of the affected taxing district to compensate for the amount of variance.

In the event that the estimated tax levy is less than the correct tax levy based on actual net tax capacity and local tax rate, the auditor shall adjust the levy of the affected taxing district as provided in section 275.075. For taxes payable in 1994 and thereafter, the adjustment must be made if the tax levy is less than the correct tax levy based on taxable value and local tax rate.

Sec. 9. [275.581] [ELECTIONS TO INCREASE LEVY.]

Subdivision 1. Subject only to any law or charter provisions establishing per capita, mill, local tax rate, or other limitations on the amount of taxes that may be levied, the levy of a taxing authority may be increased in any per capita or dollar amount which is approved by the majority of voters of the taxing authority voting on the question at a general or special election. When the governing body of the taxing authority resolves to increase the levy of the taxing authority pursuant to this section, it shall provide for submission of the proposition of an increase in the levy per capita or the proposition of an additional levy, as the case may be, at a general or special election. The election must be held on the first Tuesday after the first Monday in the month of November. Notice of the election must be given in the manner required by law. If the proposition is for an adjustment to the taxing authority's levy per

capita, increasing the levy per capita over the per capita amount indicated pursuant to section 275.065, the notice must state the purpose of the per capita adjustment and the per capita amount of the adjustment. If the proposition is for an additional levy, the notice must state the purpose and maximum yearly amount of the additional levy.

Subd. 2. Notwithstanding any statute, special law, ordinance or charter provision to the contrary, a referendum pursuant to subdivision 1 requires approval of a majority of those voting on the question to pass.

Subd. 3. Notwithstanding any statute, special law, ordinance or charter provision to the contrary, the governing body of a governmental subdivision may call and hold special elections pursuant to this section.

Subd. 4. "Taxing authority" means towns, cities, school districts, special districts, and counties as defined in section 275.065, subdivision 1.

Subd. 5. This section applies to levy increases permitted under sections 124A.03 and section 205A.10.

Sec. 10. Minnesota Statutes 1990, section 477A.011, subdivision 1a, is amended to read:

Subd. 1a. [LARGE CITY.] Large city means a statutory or home rule charter city. ~~City also means a town~~ having a population of ~~5,000~~ 2,500 or more for purposes of the aid payable under section ~~477A.013, subdivision~~ 3 477A.0136. ~~Towns are not eligible to be treated as cities for purposes of aid payable under section 477A.013, subdivision 5, or the aid adjustment under section 477A.013, subdivision 7.~~

Sec. 11. Minnesota Statutes 1990, section 477A.011, subdivision 1b, is amended to read:

Subd. 1b. [~~TOWN~~ SMALL CITY.] ~~"Town"~~ "Small city" means a statutory or home rule charter city with a population less than 2,500 or means a township with a population of less than 5,000.

Sec. 12. Minnesota Statutes 1990, section 477A.011, subdivision 27, as amended by Laws 1991, chapter 2, article 8, section 2, is amended to read:

Subd. 27. [REVENUE BASE.] (a) "Revenue base" means the amount levied for taxes payable in 1991, including the levy on the fiscal disparity distribution under section 473F.08, subdivision 3, paragraph (a), and before reduction for the homestead and agricul-

tural credit aid under section 273.1398, subdivision 2, equalization aid under section 477A.013, subdivision 5, and disparity reduction aid under section 273.1398, subdivision 3; plus the local government aid under sections 477A.011; 477A.012, subdivisions 1, 3, and 5, determined without regard to subdivision 2; and 477A.013, subdivisions 1, 3, 6, and 7; and the estimated taconite aids used to determine levy limits for taxes payable in 1991 under section 275.51, subdivision 3i. This definition of "revenue base" applies only to small cities effective for aids payable in 1992.

(b) Notwithstanding paragraph (a), the revenue base of a county used to calculate the reduction required by subdivision 28, for aids payable December 15, 1991, excludes the amount levied as a special levy under section 275.50, subdivision 5, clause (a).

Sec. 13. Minnesota Statutes 1990, section 477A.011, subdivision 28, as amended by Laws 1991, chapter 2, article 8, section 3, is amended to read:

Subd. 28. [REDUCTION PERCENTAGE.] (1) "Reduction percentage" means the equal percentage reduction in each county and city revenue base that was necessary to reduce 1990 aid payments by $28,000,000 under sections 477A.012, subdivision 5, and 477A.013, subdivision 7, and, in addition, the equal percentage reduction in each county, city, town, and special taxing district revenue base that ~~is~~ was necessary to reduce 1991 aid payments under sections 477A.012, subdivisions 1, 3, and 5; 477A.013, subdivisions 1, 3, 5, 6, and 7; and 273.1398, subdivisions 2 and 3, by a combined amount of $50,000,000 on July 20, 1991; and, in addition, the equal percentage reduction in each county, city, town, and special taxing district revenue base that is necessary to further reduce 1991 aid payments under sections 477A.012, subdivisions 1, 3, and 5; 477A.013, subdivisions 1, 3, 5, 6, and 7; and 273.1398, subdivisions 2 and 3, by a combined amount of $50,000,000 on December 15, 1991.

(2) For aids payable in 1992 and thereafter, the reduction percentage of each small city's aid as defined in section 477A.011, subdivision 1b, means the equal percentage reduction in each small city's revenue base as described in paragraph (1) and, in addition, the equal percentage reduction in each small city's revenue base that is necessary to further reduce 1991 aid payments to small cities by a combined amount of $31,000,000. In no case shall the amount paid exceed the amount appropriated under section 477A.0137, subdivision 2.

Sec. 14. Minnesota Statutes 1990, section 477A.011, is amended by adding a subdivision to read:

Subd. 29. [CITY FISCAL ABILITY.] For aids payable in calendar year 1992 and subsequent calendar years, the commissioner of revenue shall, for purposes of distributing local government aid,

utilize the "need-capacity gap" approach of the study entitled "Measuring the Fiscal Condition of Cities in Minnesota," (hereinafter, the FCCS report), as submitted to the legislative commission on planning and fiscal policy, March 1991, as provided under Laws 1989, First Special Session chapter 1, article 1, section 11.

Each city's fiscal ability means the need-capacity gap as determined by the methodology used in the FCCS report, and as modified by the commissioner of revenue, as follows:

(1) a city's revenue-raising capacity is determined using the tax base approach outlined in the FCCS report and the average property tax rate for large cities is recalculated by excluding special assessment revenues from a city's property tax amount. The actual amount of special assessment revenues is added to the revenue-raising capacity of each city imposing special assessments;

(2) the calculation of a city's nonschool tax increment financing revenues is modified to restrict the increment amount to greater than or equal to zero;

(3) a city's total expenditure need includes the sum of public safety, transportation, and economic and social services expenditures needs as calculated in the FCCS report, but does not include expenditures for administration and miscellaneous.

Sec. 15. Minnesota Statutes 1990, section 477A.012, subdivision 6, as added by Laws 1991, chapter 2, article 8, section 5, is amended to read:

Subd. 6. [1991 COUNTY AID ADJUSTMENT.] (a) A county's July 20, 1991 payment of local government aid and homestead and agricultural credit aid is reduced by the product of its revenue base and the reduction percentage. The aid reduction is first applied to a county's local government aid in its scheduled July 20, 1991 aid payment. If the aid reduction is greater than the local government aid amount in its scheduled July 20, 1991 aid payment, the remaining amount is then applied to the county's homestead and agricultural credit aid, and then, if necessary, to its disparity reduction aid. The July 20, 1991 local government aid, homestead and agricultural credit aid, and disparity reduction aid payment to a county after this reduction cannot be less than $0.

(b) A county's December 15, 1991, payment of local government aid, homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base and the reduction percentage as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a county's local government aid in its scheduled December 15, 1991, aid payment. If the aid reduction is greater than the local government aid amount in its scheduled December 15, 1991, aid payment, the remaining amount is then

applied to the county's homestead and agricultural credit aid, and then, if necessary, to its disparity reduction aid. The December 15, 1991, local government aid, homestead and agricultural credit aid, and disparity reduction aid payment to a county after this reduction cannot be less than $0.

Sec. 16. Minnesota Statutes 1990, section 477A.013, subdivision 8, as added by Laws 1991, chapter 2, article 8, section 8, is amended to read:

Subd. 8. [1991 CITY, OR TOWN AID ADJUSTMENT.] (a) A city or town's July 20, 1991 payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base, and the reduction percentage, as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a city or town's local government aid amount in its scheduled July 20, 1991 aid payment. If the aid reduction is greater than the local government aid amount in its scheduled July 20, 1991 aid payment, the remaining amount is then applied to the city or town's equalization aid, and then, if necessary, to its homestead and agricultural credit aid, and then, if necessary, to its disparity reduction aid. The July 20, 1991 local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid payment to a city or town after this reduction cannot be less than $0.

(b) A city's or town's December 15, 1991, payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base, and the reduction percentage, as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a city's or town's local government aid amount in its scheduled December 15, 1991, aid payment. If the aid reduction is greater than the local government aid amount in its scheduled December 15, 1991, aid payment, the remaining amount is then applied to the city's or town's equalization aid, and then, if necessary, to its homestead and agricultural credit aid, and then, if necessary, to its disparity reduction aid. The December 15, 1991, local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid payment to a city or town after this reduction cannot be less than $0.

Sec. 17. Laws 1991, chapter 2, article 8, section 9, is amended to read:

Sec. 9. [477A.0135] [SPECIAL TAXING DISTRICTS; 1991 AID REDUCTION.]

(a) A special taxing district's July 20, 1991 payment of homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base and the reduction percentage, as

determined in section 477A.011, subdivision 28. The aid reduction is first applied to a special taxing district's homestead and agricultural credit aid amount in its scheduled July 20, 1991 aid payment. If the aid reduction is greater than the homestead and agricultural credit aid amount in its scheduled July 20, 1991 aid payment, the remaining amount is then applied to the special taxing district's disparity reduction aid. The July 20, 1991 homestead and agricultural credit aid and disparity reduction aid payment to a special taxing district after this reduction cannot be less than $0.

(b) A special taxing district's December 15, 1991, payment of homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base and the reduction percentage, as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a special taxing district's homestead and agricultural credit aid amount in its scheduled December 15, 1991, aid payment. If the aid reduction is greater than the homestead and agricultural credit aid amount in its scheduled December 15, 1991, aid payment, the remaining amount is then applied to the special taxing district's disparity reduction aid. The December 15, 1991, homestead and agricultural credit aid and disparity reduction aid payment to a special taxing district after this reduction cannot be less than $0.

Sec. 18. [477A.0136] [LARGE CITY LOCAL GOVERNMENT AID.]

Subdivision 1. [BASIC LOCAL GOVERNMENT AID.] The commissioner of revenue shall annually distribute the amount of large city basic local government aid appropriated, by calculating each large city's aid in the following manner:

(a) determine each large city's fiscal ability, representing the difference between the city's total expenditure need and the city's revenue raising capacity, based upon the FCCS report, as modified;

(b) determine an average distribution ratio by dividing the annual appropriation by the total sum of all large cities with a fiscal ability of greater than $0; and

(c) multiply each large city's fiscal ability by the distribution ratio to obtain the amount of aid to be paid each large city.

Subd. 2. [RESTRICTIONS.] The amount of local government aid paid to each large city shall not exceed a fixed percentage of each city's fiscal ability based upon the average distribution ratio as determined in subdivision 1, paragraph (b). Each city with a fiscal ability of less than $0 shall not receive local government aid.

Subd. 3. [ADJUSTMENT FOR SUPPLEMENTAL AID TO FIRST

CLASS CITIES.] In addition to the aid distributed under subdivision 1, each first class city shall receive an adjustment equal to the amount appropriated for this adjustment multiplied by the appropriate proportion of each city's fiscal ability in relation to the sum of the fiscal abilities of all first class cities.

Subd. 4. [ADJUSTMENT FOR TEMPORARY TRANSITIONAL LOCAL AID.] The 1992 revenue base for each large city cannot be reduced from the 1991 revenue base by more than a fixed percentage, to be determined by the 1992 appropriation for temporary transitional local aid. Temporary transitional local government aid is the amount of additional aid necessary to increase each large city's 1992 revenue base to equal the fixed percentage of the city's 1991 revenue base as determined in subdivision 2. The 1992 appropriation shall be reduced by 25 percent for aids payable in 1993, 50 percent for aids payable in 1994, 75 percent for aids payable in 1995, and 100 percent for aids payable in 1996. The fixed percentage must be recalculated each year based on the annual appropriation for aids payable in 1993 through 1995. For purposes of this subdivision, "1992 revenue base" means the sum of the city's taxes levied in 1990, payable in 1991, and the city's basic and supplemental local government aid paid to the city in 1992 under this section. The "1991 revenue base" means the sum of the city's taxes levied in 1990, payable in 1991, and local government aid paid to the city in 1991 after reductions under Laws 1991, chapter 2, article 8, and under this article, including equalization aid, under section 477A.013, homestead and agricultural credit aid under section 273.1398, subdivision 2, and disparity reduction aid under section 273.1398, subdivision 3.

Subd. 5. [FINAL ADJUSTMENT.] The total amount of local government aid paid to all large cities, under subdivisions 1 to 4, shall not exceed 90 percent of all large cities 1991 revenue base. If a city's 1992 revenue base exceeds 90 percent of the city's 1991 revenue base, then the amount of the city's basic local government aid shall be reduced until the 1992 revenue base equals 90 percent of the 1991 revenue base. The aid reduction shall first be applied to a city's supplemental aid, and then to the city's basic aid. Amounts resulting from this reduction shall be redistributed the following year to all large cities through the basic local government aid formula. If a city's 1992 revenue base is less than 80 percent of the 1991 revenue base, the city shall receive an adjustment under subdivision 4.

Subd. 6. [APPROPRIATION.] A sum sufficient to pay the basic local government aid, including the adjustments for first class cities, and temporary transitional local aid is annually appropriated from the general fund to the commissioner of revenue, subject to the limitations in subdivisions 1 to 5. For aids payable in 1992, the amount appropriated for basic local government aid is $97,000,000, the amount appropriated for supplemental aid to first class cities is

$30,000,000, and the amount appropriated for temporary transitional aid is $138,000,000.

Sec. 19. [477A.0137] [SMALL CITY LOCAL GOVERNMENT AID.]

Subdivision 1. [DISTRIBUTION AMOUNT.] In calendar year 1992, and thereafter, each small city shall receive a distribution equal to the amount appropriated for small cities in 1991, after reductions under Laws 1991, chapter 2, article 8, and this article, including equalization aid under section 477A.013, homestead and agricultural credit aid under section 273.1398, subdivision 2, and disparity reduction aid under section 273.1398, subdivision 3, as adjusted by the reduction percentage determined in section 477A.011, subdivision 28.

Subd. 2. [APPROPRIATION.] A sum sufficient to pay the small city local government aid is annually appropriated from the general fund to the commissioner of revenue. For aids payable in 1992, the amount appropriated is $49,000,000.

Sec. 20. Minnesota Statutes 1990, section 477A.014, subdivision 1, as amended by Laws 1991, chapter 2, article 8, section 10, is amended to read:

Subdivision 1. [CALCULATIONS AND PAYMENTS.] The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.012, 477A.013, and 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner shall notify the authorities of their aid amounts, as well as the computational factors used in making the calculations for their authority, and those statewide total figures that are pertinent, before August 15 of the year preceding the aid distribution year, except that for aid payable in 1990 the commissioner of revenue must notify the authorities of their aid amounts as well as the computational factors used in the calculation before October 23, 1989. The commissioner shall reduce the July 20, 1991, payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid to counties, cities, towns, and special taxing districts by a combined amount of $50,000,000. In addition to the reduction to be made on July 20, 1991, the commissioner shall reduce the December 15, 1991 payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid to counties, cities, towns, and special taxing districts by a combined amount of $50,000,000.

Sec. 21. Minnesota Statutes 1990, section 477A.014, is amended by adding a subdivision to read:

Subd. 5. [SUPPLEMENTAL SOCIAL SERVICE AID.] The sum of

$20,000,000 is appropriated from the general fund as supplemental social service aid to the commissioner of revenue to distribute to counties in the same proportion that the counties receive aid in the calendar year from the commissioner of human services under section 256E.07. The commissioner of revenue shall pay these amounts in two equal installments on July 20 and December 15. No later than June 1, the commissioner of human services shall provide the commissioner of revenue with sufficient information to determine the amount of aid payable to each county.

Sec. 22. Minnesota Statutes 1990, section 477A.014, is amended by adding a subdivision to read:

Subd. 6. [LARGE CITY LOCAL GOVERNMENT AID; PAYMENTS.] As required by section 477A.0136, the commissioner of revenue shall pay a sum not to exceed $100,000,000 as basic local government aid to large cities for aids payable in 1992. In addition, the commissioner shall pay a sum not to exceed $40,000,000 as supplemental aid and an additional $111,000,000 as temporary transitional local government aid under section 477A.0136. The payments must be made as required by section 477A.015.

Sec. 23. Minnesota Statutes 1990, section 477A.014, is amended by adding a subdivision to read:

Subd. 7. [SMALL CITY LOCAL GOVERNMENT AID; PAYMENTS.] The commissioner of revenue shall pay a sum not to exceed $31,000,000 to small cities for aids payable in 1992 as local government aid pursuant to section 477A.0137. The payments must be made as required by section 477A.015.

Sec. 24. [477A.05] [SUPPLEMENTAL TOWN ROAD AID.]

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this section, the following terms have the meanings given in paragraphs (b) to (m).

(b) "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 a population estimate of the state demographer pursuant to section 116K.04, subdivision 4, clause (10), whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year. The term "per capita" refers to population as defined by this paragraph.

(c) "Current expenditures for roads" means a town's fiscal year expenditures for street maintenance as reported in the February 28, 1990, fiscal year publication of the state auditor on the revenues, expenditures, and debt of the towns in Minnesota.

(d) "State highway aid" means a town's fiscal year distribution of state grants for highway purposes as reported in the February 28, 1990, fiscal year publication of the state auditor on the revenues, expenditures, and debt of the towns in Minnesota.

(e) "Current total expenditures" means a town's fiscal year total expenditures as reported in the February 28, 1990, fiscal year publication of the state auditor on the revenues, expenditures, and debt of the towns in Minnesota.

(f) "Local government aid" means the local government aid paid to a town pursuant to section 477A.014 in the same fiscal year that is the basis for the February 28, 1990, fiscal year publication of the state auditor on the revenues, expenditures, and debt of the towns of Minnesota.

(g) "Homestead credit" means the homestead credit paid to a town pursuant to Minnesota Statutes 1987 Supplement, section 273.13, subdivision 15a, in the same fiscal year that is the basis for the February 28, 1990, fiscal year publication of the state auditor on the revenues, expenditures, and debt of the towns in Minnesota.

(h) "Taconite aids" means the aids paid to a town pursuant to sections 298.28 and 298.282 in the same fiscal year that is the basis for the February 28, 1990, fiscal year publication of the state auditor on the revenues, expenditures, and debt of the towns in Minnesota.

(i) "Sales ratio" means the aggregate assessment sales ratio determined for a town in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 for the assessment year applicable to the property taxes that were payable in the same fiscal year that is the basis for the February 28, 1990, fiscal year publication of the state auditor on the revenues, expenditures, and debt of the towns in Minnesota.

(j) "Taxable value" means gross tax capacity after deduction of (1) fiscal disparity contribution value as defined in chapter 473F, (2) tax increment financing captured value as defined in section 469.177, subdivision 2, and (3) transmission line credit value as defined in section 273.425 for taxes payable in 1989.

(k) "Adjusted gross tax capacity" means a town's gross tax capacity divided by its sales ratio.

(l) "General aid offset adjustment" means the sum of a town's local government aid, homestead credit, and taconite aids, multiplied by the ratio of the town's current expenditures for roads to its current total expenditures.

(m) "Statewide weighted average local tax rate for current road

expenditures" means (1) the total current expenditures for roads minus the total state highway aid and minus the total general aid offset adjustment for all of the towns in Minnesota, divided by (2) the total adjusted taxable value for all of the towns in Minnesota. This rate shall be determined using the information available that is reported in the February 28, 1990, fiscal year publication of the state auditor on the revenues, expenditures, and debt of the towns in Minnesota.

Subd. 2. [AID AMOUNT.] In calendar year 1992, each town shall receive a distribution equal to (1) its current expenditure for roads minus its state highway aid and minus its general aid offset adjustment, minus (2) the statewide weighted average local tax rate for current road expenditures multiplied by the town's adjusted taxable value.

A town's supplemental road aid amount determined under this subdivision cannot exceed $65 per capita using the town's population. If the calculated aid amount for a town exceeds $65 per capita, the town's supplemental road aid amount shall be reduced to $65 per capita.

The supplemental town road aid amount determined for a town under this subdivision cannot be less than zero.

For calendar year 1993 and each year thereafter, each town shall receive the same amount of supplemental town road aid as it received in calendar year 1992.

Sec. 25. [477A.06] [PAYMENT DATES.]

The commissioner of revenue shall make the payments of supplemental town road aid to the affected towns in two equal installments on July 20 and December 15 annually beginning in 1992.

Sec. 26. [477A.07] [APPROPRIATION.]

Subdivision 1. [ANNUAL APPROPRIATION.] A sum sufficient to pay the supplemental town road aids determined under section 477A.05 is annually appropriated from the general fund to the commissioner of revenue, subject to the limitation in subdivision 2.

Subd. 2. [LIMITATION; DISTRIBUTION REDUCTION.] For supplemental town road aids payable in calendar year 1992 and thereafter, the total annual appropriation is limited to $8,000,000. If the sum of the supplemental town road aids determined for all towns in a calendar year exceeds $8,000,000, the commissioner of revenue shall reduce the distribution amounts determined under section 477A.05 proportionately to stay within the $8,000,000 appropriation limit.

Sec. 27. Laws 1989, First Special Session chapter 1, article 5, section 52, as amended by Laws 1990, chapter 604, article 3, section 47, is amended to read:

Sec. 52. [EFFECTIVE DATE.]

Except as otherwise provided, sections 12 to 19, 27, 35, 45, and 47 are effective for taxes levied in 1989, payable in 1990 and subsequent years. Section 49 is effective upon approval by the Itasca county board for taxes levied in 1988, payable in 1989 only. Sections 1, 5, 6, 20, 31, 34, 41, 44, and 51 are effective for taxes levied in ~~1992~~ 1991, payable in ~~1993~~ 1992 and thereafter. Sections 2, 4, 7, 9 to 11, 21 to 26, 28 to 30, 32, 33, 36 to 40, 42, and 43 are effective for taxes levied in ~~1992~~ 1991, payable in ~~1993~~ 1992, and thereafter. Sections 3 and 8 are effective for taxes levied in ~~1992~~ 1991, payable in ~~1993~~ 1992 and thereafter. Nothing in this section is intended to repeal or limit the intended purposes of the levies described or affected by the above sections. Section 50 is effective for taxes payable in 1989 and 1990 only.

Sec. 28. [REPEALER.]

(a) Minnesota Statutes 1990, sections 273.138, subdivision 2; 477A.011, subdivisions 2, 3a, 15, 16, 17, 18, 19, 20, 21, 22, 23, 25, and 26; and 477A.013, are repealed.

(b) Minnesota Statutes 1990, sections 121.15; 273.1398, subdivisions 2a, 2b, and 5; and 275.58, are repealed.

Sec. 29. [EFFECTIVE DATES.]

Sections 1 to 6, 10, 11, 14, 18, 19, 21 to 26, and 28, are effective for aids payable in 1992, and thereafter. Sections 12, 13, 15 to 17, and 20, are effective the day following final enactment, unless otherwise specified. Sections 9 and 27 are effective for taxes levied in 1991, payable in 1992. Sections 7 and 8 are effective for taxes levied in 1993, payable in 1994, and thereafter."

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the second portion of the Ogren amendment and the roll was called. There was 1 yea and 133 nays as follows:

Those who voted in the affirmative were:

Schreiber

Those who voted in the negative were:

Abrams	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Smith
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Solberg
Battaglia	Goodno	Krinkie	Omann	Sparby
Bauerly	Greenfield	Krueger	Onnen	Stanius
Beard	Gruenes	Lasley	Orenstein	Steensma
Begich	Gutknecht	Leppik	Orfield	Sviggum
Bertram	Hanson	Lieder	Osthoff	Swenson
Bettermann	Hartle	Limmer	Ostrom	Thompson
Bishop	Hasskamp	Long	Ozment	Tompkins
Blatz	Haukoos	Lourey	Pauly	Trimble
Bodahl	Hausman	Lynch	Pellow	Tunheim
Boo	Heir	Macklin	Pelowski	Uphus
Brown	Henry	Mariani	Peterson	Valento
Carlson	Hufnagle	Marsh	Pugh	Vellenga
Carruthers	Hugoson	McEachern	Reding	Wagenius
Clark	Jacobs	McGuire	Rest	Waltman
Cooper	Janezich	McPherson	Rice	Weaver
Dauner	Jaros	Milbert	Rodosovich	Wejcman
Davids	Jefferson	Morrison	Rukavina	Welker
Dawkins	Jennings	Munger	Runbeck	Welle
Dempsey	Johnson, A.	Murphy	Sarna	Wenzel
Dille	Johnson, R.	Nelson, K.	Schafer	Winter
Dorn	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

The motion did not prevail and the second portion of the Ogren amendment was not adopted.

CALL OF THE HOUSE

On the motion of Abrams and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abrams	Dempsey	Janezich	Macklin	Orfield
Anderson, I.	Dille	Jaros	Mariani	Osthoff
Anderson, R. H.	Dorn	Jefferson	Marsh	Ostrom
Battaglia	Farrell	Jennings	McEachern	Ozment
Bauerly	Frederick	Johnson, A.	McGuire	Pauly
Beard	Frerichs	Johnson, R.	McPherson	Pellow
Begich	Garcia	Johnson, V.	Milbert	Pelowski
Bertram	Girard	Kahn	Morrison	Peterson
Bettermann	Goodno	Kalis	Munger	Pugh
Bishop	Greenfield	Kinkel	Murphy	Reding
Blatz	Gruenes	Knickerbocker	Nelson, K.	Rest
Bodahl	Gutknecht	Koppendrayer	Nelson, S.	Rice
Boo	Hanson	Krinkie	Newinski	Rodosovich
Brown	Hasskamp	Krueger	O'Connor	Rukavina
Carlson	Haukoos	Lasley	Ogren	Runbeck
Carruthers	Hausman	Leppik	Olsen, S.	Sarna
Clark	Heir	Lieder	Olson, E.	Schafer
Cooper	Henry	Limmer	Olson, K.	Scheid
Dauner	Hufnagle	Long	Omann	Schreiber
Davids	Hugoson	Lourey	Onnen	Seaberg
Dawkins	Jacobs	Lynch	Orenstein	Segal

Skoglund	Steensma	Trimble	Wagenius	Welle
Smith	Sviggum	Tunheim	Waltman	Wenzel
Solberg	Swenson	Uphus	Weaver	Winter
Sparby	Thompson	Valento	Wejcman	Spk. Vanasek
Stanius	Tompkins	Vellenga	Welker	

Bauerly moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

H. F. No. 1086, A bill for an act relating to the financing and operation of government in Minnesota; establishing a homestead credit trust fund; allowing the imposition of certain local taxes and fees; modifying the administration, computation, collection, and enforcement of taxes and assessments; imposing taxes; changing tax classes, rates, bases, credits, exemptions, withholding, and payments; modifying levy limits and aids to local governments; updating references to the Internal Revenue Code; modifying tax increment financing laws; changing definitions; changing certain bonding provisions; providing for suspension of mandate requirements; providing for certain fund transfers; changing provisions for light rail transit; changing certain emminent domain powers; making technical corrections and clarifications; enacting provisions relating to certain cities, counties, watershed districts, and independent school districts; requiring studies; imposing a fee; imposing a surtax; changing certain provisions relating to certain ambulance and emergency services personnel plans; prescribing penalties; appropriating money; amending Minnesota Statutes 1990, sections 13.51, subdivision 2; 14.03, subdivision 3; 18.022, subdivision 2; 43A.316, subdivision 9; 60A.19, subdivision 8; 69.011, subdivisions 1 and 3; 69.021, subdivisions 4, 6, 7, 8, and 9; 69.54; 84.82, by adding a subdivision; 115B.24, subdivision 2; 116.07, subdivision 4h; 124A.03, subdivision 2, and by adding a subdivision; 138.17, subdivision 1a; 171.06, by adding a subdivision; 268.161, subdivision 1; 270.067, subdivisions 1 and 2; 270.11, subdivision 6; 270.12, subdivision 2, and by adding a subdivision; 270.274, subdivision 1; 270.60; 270.66, subdivision 3; 270.68, subdivision 1; 270.69, subdivisions 2, 8, 9, and by adding a subdivision; 270.70, subdivision 10; 270.75, subdivision 4; 270A.03, subdivision 7; 270B.09; 272.02, subdivision 4; 272.025, subdivision 1; 272.31; 272.479; 272.482; 272.483; 272.485; 272.486; 272.67, subdivision 6; 273.11, subdivision 1, and by adding subdivisions; 273.111, subdivision 6; 273.112, subdivisions 1, 2, 3, and 4; 273.12; 273.124, subdivisions 1, 7, 13, and 14; 273.13, subdivisions 22, 23, 24, 25, 31, 32, and by adding a subdivision; 273.1398, subdivisions 6 and 7; 273.1399, subdivisions 1 and 3; 275.065, subdivisions 1a, 3, 5a, and 6; 275.08, subdivision 1b; 275.125, by adding a subdivision; 275.50, subdivisions 5, 5a, and 5b; 275.51, subdivisions 3f, 3h, and 3j; 275.54, subdivision 3; 276.04, subdivision 2; 276.041; 277.01; 278.01; 279.01, subdivisions 1 and 2; 279.03, subdivision 1a; 279.06;

281.17; 282.01, subdivision 1; 287.22; 289A.01; 289A.02, by adding a subdivision; 289A.08, by adding a subdivision; 289A.11, subdivision 1; 289A.12, by adding a subdivision; 289A.18, subdivisions 1, 2, and 4; 289A.19, subdivisions 1 and 2; 289A.20, subdivisions 1, 2, 4, and by adding a subdivision; 289A.25, subdivision 10; 289A.26, subdivisions 1, 6, and by adding a subdivision; 289A.30, subdivision 1; 289A.31, subdivision 1; 289A.35; 289A.37, subdivision 1; 289A.38, subdivisions 9, 10, and 12; 289A.42, subdivisions 1 and 2; 289A.50, subdivision 1; 289A.56, subdivision 2; 289A.60, subdivisions 2, 4, 12, 15, and by adding a subdivision; 290.01, subdivisions 19, 19a, 19b, and 19d; 290.014, subdivisions 2, 3, 4, and 5; 290.05, subdivision 3; 290.06, subdivisions 2c, 2d, 21, 22, 23, and by adding subdivisions; 290.067, subdivisions 1 and 2a; 290.068, subdivisions 1, 2, and 5; 290.0802, subdivisions 1 and 2; 290.091, subdivisions 1 and 2; 290.0921, subdivision 8; 290.0922, subdivision 1, and by adding a subdivision; 290.17, subdivisions 1, 2, and 5; 290.191, subdivisions 6, 8, and 11; 290.35, subdivision 3; 290.431; 290.611, subdivision 1; 290.92, subdivisions 1, 4b, 4c, 12, 26, 27, and by adding a subdivision; 290.923, by adding a subdivision; 290.9727, subdivisions 1, 3, and by adding subdivisions; 290A.03, subdivisions 3 and 7; 290A.04, by adding a subdivision; 290A.05; 290A.091; 295.01, subdivision 10; 295.34, subdivision 1; 296.026, subdivisions 2, 7, and by adding subdivisions; 296.14, subdivision 1; 297.01, subdivision 7; 297.03, subdivisions 1, 2, 4, and 6; 297.07, subdivision 5; 297.08, subdivision 1; 297.11, subdivision 1, and by adding subdivisions; 297.35, subdivision 1; 297.43, by adding a subdivision; 297A.01, subdivisions 3, 8, 10, 15, and by adding a subdivision; 297A.02, subdivisions 1, 2, 3, and by adding subdivisions; 297A.14, by adding a subdivision; 297A.15, by adding a subdivision; 297A.21, subdivisions 1 and 4; 297A.211, subdivision 2; 297A.24; 297A.25, subdivisions 1, 10, 11, 12, and by adding a subdivision; 297A.255, subdivision 5; 297A.257, subdivisions 2 and 2a; 297A.259; 297A.44, subdivision 1, and by adding a subdivision; 297B.02, by adding a subdivision; 297B.09, by adding a subdivision; 297C.03, subdivisions 1 and 6; 297C.04; 297C.10, by adding a subdivision; 297D.01, subdivision 3; 297D.02; 297D.04; 297D.05; 297D.07; 297D.09, subdivisions 1 and 1a; 297D.11; 297D.12, subdivision 1; 297D.13, subdivisions 1 and 3; 297D.14; 298.01, subdivisions 3, 4, and by adding subdivisions; 298.015, subdivision 1; 298.16; 298.21; 298.27; 325D.32, subdivision 10, and by adding a subdivision; 325D.415; 336.9-411; 349.212, subdivision 4; 353D.01; 353D.02; 353D.03; 353D.05; 353D.06; 357.18, subdivision 2; 375.192, subdivision 2; 386.46; 398A.04, subdivision 8; 414.031, subdivision 6; 414.0325, subdivision 4; 414.033, subdivision 7; 414.06, subdivision 4; 414.061, subdivision 3; 430.102, subdivisions 3 and 4; 462C.03, subdivision 10; 469.012, subdivision 8; 469.176, subdivision 1; 469.1763, subdivisions 1, 2, 3, 4, and by adding a subdivision; 469.177, subdivisions 1 and 8; 469.1771, subdivisions 2 and 4; 469.179, by adding a subdivision; 469.190, subdivision 7; 473.3994, by adding a subdivision; 473.843, subdivision 3; 473F.01; 473F.02, subdivisions 3, 8, 12, and 13; 473F.05; 473F.06; 473F.07; 473F.08, subdivisions 2, 5, and 6; 473F.09; 473F.13, subdivision 1; 477A.011, subdivisions 27, as amended, and 28, as amended; 477A.012, subdivision 6, as added,

and by adding a subdivision; 477A.013, subdivision 8, as added; 477A.0135, as added; 477A.014, subdivisions 1, as amended, 4, and by adding subdivisions; 477A.015; 477A.03, subdivision 1; 508.25; 508A.25; 515A.1-105, subdivision 1; Laws 1974, chapter 285, section 4, as amended; Laws 1980, chapter 511, section 1, subdivision 2; Laws 1986, chapter 462, section 31; Laws 1987, chapter 268, article 11, section 12; Laws 1989, First Special Session chapter 1, article 14, section 16; Laws 1990, chapter 604, article 2, section 22; article 3, section 46, subdivision 1; and article 6, section 11; proposing coding for new law in Minnesota Statutes, chapters 16A; 117; 268; 270; 272; 273; 275; 276; 277; 290; 295; 296; 297; 297A; 325D; 353D; 373; 451; and 471; repealing Minnesota Statutes 1990, sections 272.487; 272.50; 272.51; 272.52; 272.53; 273.137; 273.1398; 277.02; 277.05; 277.06; 277.07; 277.08; 277.09; 277.10; 277.11; 277.12; 277.13; 289A.19, subdivision 6; 290.068, subdivision 6; 290.069, subdivisions 2a, 4a, and 4b; 290.17, subdivision 7; 290.191, subdivision 7; 290.48, subdivisions 5 and 8; 296.028; 297A.257, subdivisions 1, 2b, and 3; 297A.39, subdivision 9; 298.05; 298.06; 298.07; 298.08; 298.09; 298.10; 298.11; 298.12; 298.13; 298.14; 298.15; 298.19; 298.20; 473F.02, subdivisions 9, 11, 16, 17, 18, 19, and 20; 473F.12; 473F.13, subdivisions 2 and 3; 477A.011; 477A.012; 477A.013; 477A.014; 477A.015; 477A.016; 477A.017; and 477A.03; Laws 1986, chapter 399, article 1, section 5; and Laws 1989, chapter 277, article 4, section 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.

Long moved that those not voting be excused from voting. The motion prevailed.

There were 79 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dorn	Kalis	Nelson, S.	Rodosovich
Battaglia	Farrell	Kelso	O'Connor	Rukavina
Bauerly	Greenfield	Kinkel	Ogren	Sarna
Beard	Gutknecht	Krueger	Olson, E.	Scheid
Begich	Hanson	Lasley	Olson, K.	Segal
Bertram	Hasskamp	Lieder	Orenstein	Simoneau
Bishop	Hausman	Long	Orfield	Skoglund
Bodahl	Jacobs	Lourey	Osthoff	Solberg
Brown	Janezich	Mariani	Ostrom	Sparby
Carlson	Jaros	McEachern	Pelowski	Steensma
Carruthers	Jefferson	McGuire	Peterson	Trimble
Clark	Jennings	Milbert	Pugh	Tunheim
Cooper	Johnson, A.	Munger	Reding	Vellenga
Dauner	Johnson, R.	Murphy	Rest	Wagenius
Dawkins	Kahn	Nelson, K.	Rice	Wejcman

Welle	Wenzel	Winter	Spk. Vanasek	

Those who voted in the negative were:

Abrams	Frerichs	Johnson, V.	Newinski	Smith
Anderson, R.	Garcia	Knickerbocker	Olsen, S.	Stanius
Anderson, R. H.	Girard	Koppendrayer	Omann	Sviggum
Bettermann	Goodno	Krinkie	Onnen	Swenson
Blatz	Gruenes	Leppik	Ozment	Thompson
Boo	Hartle	Limmer	Pauly	Tompkins
Davids	Haukoos	Lynch	Pellow	Valento
Dempsey	Heir	Macklin	Runbeck	Waltman
Dille	Henry	Marsh	Schafer	Weaver
Erhardt	Hufnagle	McPherson	Schreiber	Welker
Frederick	Hugoson	Morrison	Seaberg	

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

The Speaker called Krueger to the Chair.

There being no objection, the order of business reverted to Reports of Standing Committees.

REPORTS OF STANDING COMMITTEES

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 719, A bill for an act relating to human services; clarifying and establishing requirements for implementing the Minnesota family investment plan; appropriating money; amending Minnesota Statutes 1990, sections 256.031; 256.032; 256.033; 256.034; 256.035; and 256.036, subdivisions 1, 2, 4, and 5; proposing coding for new law in Minnesota Statutes, chapter 256; repealing Minnesota Statutes 1990, sections 256.032, subdivisions 5 and 9; 256.035, subdivisions 6 and 7; 256.036, subdivision 10; Laws 1989, chapter 282, article 5, section 130.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [HUMAN RESOURCES; 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 "1992" and "1993" where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1992, or June 30, 1993, respectively.

SUMMARY BY FUND

	1992	1993	TOTAL
General	$1,788,615,000	$1,897,735,000	$3,686,350,000
State Government Special Revenue	1,814,000	1,638,000	3,452,000
Metropolitan Landfill	168,000	168,000	336,000
Trunk Highway	1,487,000	1,486,000	2,973,000
Total	1,792,084,000	1,901,027,000	3,693,111,000

	APPROPRIATIONS Available for the Year Ending June 30 1992	1993
Sec. 2. COMMISSIONER OF HUMAN SERVICES		
Subdivision 1. Appropriation by Fund		
General Fund	1,496,946,000	1,597,525,000

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 1991-1993 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.

For the biennium ending June 30, 1993, federal receipts as shown in the biennial budget document to be used for financing activities, programs, and projects under the supervision and jurisdiction of the commissioner must be credited to and become a part of the appropriations provided for in this section.

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.

If federal money anticipated is less than that shown in the biennial budget document, 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 78th legislature in addition to an estimate of similar federal money anticipated for the biennium ending June 30, 1995.

The commissioner of human services, with the approval of the commissioner of finance and by direction of the governor after consulting with the legislative advisory commission, may transfer unencumbered appropriation balances among the aid to families with dependent children, AFDC child care, general assistance, general assistance medical care, medical assistance, Minnesota supplemental aid, and work readiness programs, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium.

For the biennium ending June 30, 1993, information system project appropriations for development and federal receipts for the alien verification entitlement system must be deposited in the special systems account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the Information Policy Office, funded by the legislature, and approved by the commissioner of finance may be transferred from one project to another and from development to operations as the commissioner considers necessary. Any unexpended balance in the appropriation for these projects does not cancel in the first year but is available for the second year of the biennium.

Subd. 2. Human Services Administration 14,394,000 14,376,000

$178,000 the first year and $178,000 the second year are appropriated from the special project account created in Minnesota Statutes, section 256.01, subdivision 2, paragraph (15) for attorney general costs incurred in the resolution of long-term care appeals.

Subd. 3. Legal and Intergovernmental Programs 4,351,000 4,340,000

Subd. 4. Economic Support and Transition Services for Families and Individuals 263,700,000 267,088,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Aid to Families with Dependent Children, General Assistance, Work Readiness, Minnesota Supplemental Aid

206,533,000 205,945,000

During the biennium ending June 30, 1993, the commissioner of human services shall provide supplementary grants not to exceed $200,000 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.

For the biennium ending June 30, 1993, any federal money remaining from receipt of state legalization impact assistance grants, after reimbursing the department of education for actual expenditures, must be deposited in the aid to families with dependent children account.

$120,000 of the federal child care funds received by the department of human services is allocated to Minnesota early childhood care and education council for the biennium ending June 30, 1993, for general operation of the council to enable the council to provide coordination, training outreach, and technical assistance to child care providers.

Money appropriated for the Minnesota family investment plan in the biennium ending June 30, 1993, must be base-adjusted in the 1994-1995 biennium to reflect the annual cost of operating the newly enacted program.

The commissioner shall set the monthly standard of assistance for general assistance and work readiness assistance units consisting of an adult recipient who is childless and unmarried or living apart from the parents or a legal guardian at $203.

(b) Child Care

(1) AFDC Child Care Program

12,182,000 15,932,000

(2) Sliding Fee Child Care Program

10,672,000 10,805,000

(c) Economic Support and Transition Services for Families and Individuals Administration

34,313,000 34,406,000

Chisago and Isanti counties shall be added to the list of counties in which the commissioner shall require establishment and operation of fraud prevention investigation programs.

By January 1, 1993, the commissioner shall report to the legislature on the fraud prevention investigation projects. The report shall include a comparison of the effectiveness of the fraud prevention investigation projects with other proposals to reduce fraud in public income assistance programs, including client reporting requirements.

For the biennium ending June 30, 1993, federal food stamp employment and training funds received for the work readiness program are appropriated to the commissioner to reimburse counties for work readiness service expenditures.

For the biennium ending June 30, 1993, federal JOBS funds received for direct employment services provided to refugees and immigrants is appropriated to the commissioner to provide bicultural employment service case managers to STRIDE-eligible refugees and immigrants. The commissioner of human services shall review expenditures of bilingual case management funds at the end of the third quarter of the second year of the biennium and may reallocate unencumbered funds to those counties that can demonstrate a need for additional funds. Funds shall be reallocated according to the same formula used initially to allocate funds to counties.

Any balance remaining in the first year for the Minnesota family investment plan appropriation does not cancel but is available for the second year of the biennium.

Any balance remaining in the first year for the fraud prevention initiative appropriation does not cancel but is available for the second year of the biennium.

Any balance remaining in the first year for the job opportunities and basic skills (JOBS) automated system appropriation does not cancel but is available for the second year of the biennium.

For the biennium ending June 30, 1993, the commissioner of jobs and training shall certify as STRIDE employment and training service providers under Minnesota Statutes, section 268.871, the providers who provided services under the AFDC self-employment demonstration project. The commissioner of human services shall seek federal authority to renew or extend the waivers that are necessary to continue the demonstration project.

For the child support enforcement activity, during the biennium ending June 30, 1993, 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 for the purposes of the child support enforcement activity.

For the biennium ending June 30, 1993, federal money received for the operating costs of the statewide MAXIS automated eligibility information system is appropriated to the commissioner to pay for the development and operation of the MAXIS system and the counties' share of the operating costs.

Notwithstanding Minnesota Statutes, section 237.701, subdivision 1, the reimbursement of telephone assistance plan administrative expenses incurred shall not exceed $422,000 in the first year of the biennium.

Subd. 5. Economic Support and Services to Elderly 25,408,000 30,181,000

Money is appropriated to the board on aging to supplement the state funding for senior congregate and home-delivered meal programs to area agencies on aging where service providers are required, as a condition of receiving federal funds, to maintain the local level of funding for senior meals. The increased funding shall be distributed by area agencies on aging to nutrition programs serving counties where congregate and home-delivered meals were locally financed prior to participation in the nutrition program of the Older Americans Act. Supplemental funds for affected areas may be awarded in amounts up to the level of prior county financial participation less any local match as required by the Older Americans Act.

Preadmission Screening and Non-MA Alternative Care Grants

20,816,000 25,511,000

For the biennium ending July 1, 1993, nonmedical assistance alternative care grants money, if unspent, shall be transferred to the medical assistance account. Up to $2,820,000 of unspent money shall be transferred in the first year and up to $3,640,000 in the second year of the biennium.

Subd. 6. Services to Special Needs Adults 120,704,000 121,591,000

$30,000 is for hearing interpreter services contracts.

$10,000 is for camping activities for people with mental illness. This appro-

priation is from the mental health special project account.

$100,000 of the funds transferred from the director of the state lottery to the commissioner of human services, for the biennium ending June 30, 1993, for programs authorized by Minnesota Statutes, section 245.98, shall be used to develop a pilot project at the Cambridge regional treatment center for the treatment of compulsive gambling.

All of the fees paid to the commissioner for interpreter referral services for people with hearing impairments shall be used for direct client referral activities. None of the fees shall be used to pay for state agency administrative and support costs.

During the biennium ending June 30, 1993, the commissioner may transfer money from rule 12 residential program grants to rule 14 housing support program grants. Funds shall be transferred only if agreement is reached between the participating county and rule 12 provider volunteering to convert to rule 14 services. The commissioner shall consider past utilization of the residential program in determining which counties to include in the transferred housing support funding.

Any unspent money appropriated in the first year for the nonentitlement portion of the consolidated chemical dependency treatment fund shall be carried forward to the second year of the biennium for that purpose.

Money appropriated in fiscal year 1992 for the Dakota county mental health pilot planning grant is available until spent.

By January 31, 1992, the commissioner of human services shall present to the legislature a report, prepared in cooperation with the commissioner of

health, containing recommendations on the standards and procedures to be used in the licensing of chemical dependency professionals. In preparing this report, the commissioners shall consult with an advisory group that includes a representative of each of the boards established under Minnesota Statutes, chapter 148B and at least six individuals representing chemical dependency professionals and service providers. The report shall contain recommended legislation, to be implemented beginning July 1, 1992, for licensure of chemical dependency professionals.

Funds shall be allocated to counties for statewide detoxification services under Minnesota Statutes, section 254A.17, subdivision 3, in proportion to each county's average number of detoxification admissions for the prior two years, except that no county shall receive less than $400. Unless a county has approved a grant of funds under this section, the commissioner shall make quarterly payments of detoxification funds to a county only after receiving an invoice describing the number of persons transported and the cost of transportation services for the previous quarter.

The commissioner of human services, after consultation with professional treatment experts, service providers, and the families of victims, shall develop recommendations on special residential and other treatment programs for persons suffering from Prader-Willi syndrome. A report with the recommendations shall be provided to the legislature by February 15, 1992.

Subd. 7. Services to Special Needs Children	14,976,000	17,406,000

The department of human services shall develop recommended standards for counties to use when conducting

child protection investigations of child care providers. The standards, while maintaining the safety of children as a first priority, shall also ensure that child care providers under investigation are accorded adequate due process protections. The agency shall develop the recommendations through a process of public hearings and report back to the legislature by January 1992.

Money appropriated for child care incentive grants in the first year does not cancel but is available for the second year of the biennium.

$100,000 the first year and $100,000 the second year are to provide a grant to the New Chance demonstration project that provides comprehensive services to young AFDC recipients who became pregnant as teenagers and dropped out of high school. The commissioner of human services shall provide an annual report on the progress of the demonstration project, including specific data on participant outcomes in comparison to a control group that received no services. The commissioner shall also include recommendations on whether strategies or methods that have proven successful in the demonstration project should be incorporated into the STRIDE employment program for AFDC recipients.

Subd. 8. State-Operated Residential Care For Special Needs Populations	239,962,000	230,113,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Residential Facilities

Approved Complement	
1992	1993
5,002.7	4,896.7

(1) Salaries

213,543,000 206,166,000

(2) Current Expense

20,647,000 20,079,000

(3) Repairs and Betterments

3,150,000 1,994,000

(4) Special Equipment

746,000 -0-

For the biennium ending June 30, 1993, the commissioner may determine the need for conversion of a state-operated home and community-based service program to an intermediate care facility for people with mental retardation if the conversion is cost-effective and the people receiving home- and community-based services choose to receive services in an intermediate care facility for people with mental retardation. After the commissioner has determined the need to convert the program, the commissioner of health shall certify the program as an intermediate care facility for people with mental retardation if the program meets applicable certification standards.

Federal receipts received for the state-operated community services program are appropriated to the commissioner for that purpose.

Notwithstanding the provisions of Minnesota Statutes, section 245.18, receipts collected for state-operated community services are appropriated to the commissioner and are dedicated to the operation of state-operated community services that are converted in this section. Any balance remaining in this account at the end of the first year does not cancel and is available for the second year of the biennium. The commissioner may, after consultation with

the legislative advisory commission and approval of the governor, transfer funds from the Minnesota supplemental aid program to the medical assistance program to fund services converted under this section.

During the biennium ending June 30, 1993, the commissioner of human services shall establish an on-site child care facility at the Ah-Gwah-Ching state nursing home. State employees must receive priority for child care services at the Ah-Gwah-Ching site. The commissioner shall contract with a nonprofit child care provider by August 1, 1991, that can demonstrate knowledge of the child care needs at the site and that has a commitment to maximizing the salaries and benefits of its direct child care workers. The commissioner shall provide support to the center, including renovation expenses to meet and maintain all relevant building codes and ongoing building expenses including rent, maintenance, and utilities. The commissioner shall consult with the commissioner of administration regarding the establishment and operation of the on-site program. The child care contractor chosen by the commissioner shall become accredited by the National Academy of Early Childhood Programs within one year of beginning operation. The commissioner shall report to the chairs of the human resources division of the house appropriations committee and the senate finance committee on the status of the Ah-Gwah-Ching child care center by September 1, 1991.

During the biennium ending June 30, 1993, regional treatment center and state-operated nursing home employees, except temporary or emergency employees, affected by changes in the department of human services delivery system must receive, along with other options, priority consideration in order to transfer to vacant or newly created

positions at the Minneapolis and Hastings veterans homes and at facilities operated by the commissioner of corrections. The veterans homes board, in cooperation with the commissioners of human services and corrections, shall develop procedures to facilitate these transfers.

The commissioner of human services shall maintain the 35 skilled nursing facility (SNF) beds for developmentally disabled residents at the Faribault regional treatment center. The transfer of the hospital building at the Faribault regional treatment center to the department of corrections may take place only after alternative, state-operated SNF facility space has been developed for residents on the campus of Faribault regional treatment center.

For the biennium ending June 30, 1993, and notwithstanding Minnesota Statutes, section 144A.071, the commissioner of human services shall transfer the licenses for 252 nursing home beds remaining at Oak Terrace nursing home at the time of its closure as follows: 70 beds shall be transferred to the Cambridge regional treatment center, 85 beds shall be transferred to the Fergus Falls regional treatment center, and 97 beds shall be transferred to the Brainerd regional treatment center. When they are relocated to new or existing buildings operated by the department, application for certification shall be accepted by the department of health. For the biennium ending June 30, 1993, and notwithstanding Minnesota Statutes, section 144A.071, the commissioner of human services is permitted to hold the license for 322 nursing home beds remaining at Oak Terrace nursing home at the time of its closure. When they are relocated to new or existing buildings operated by the department, the application for certification shall be accepted by the department of health.

The chemical dependency treatment programs at the regional treatment centers shall not be required to repay any advances received in fiscal years 1990 and 1991 from the consolidated chemical dependency treatment fund in accordance with the provisions of Minnesota Statutes, section 246.18, subdivision 3, for chemical dependency services provided under sections 254B.02 to 254B.09. Notwithstanding Minnesota Statutes, section 246.18, subdivision 3, no money shall be transferred from the chemical dependency fund to the regional treatment centers' chemical dependency accounts after June 30, 1991.

For purposes of restructuring the chemical dependency and developmental disabilities programs at the regional treatment centers during the biennium ending June 30, 1993, any regional treatment center employee whose position is to be eliminated shall be afforded the options provided in applicable collective bargaining agreements. Provided there is no conflict with any collective bargaining agreement, any regional treatment center position reduction must only be accomplished through mitigation, attrition, transfer, and other measures as provided in state or applicable collective bargaining agreements and Minnesota Statutes, section 252.50, subdivision 11, and not through layoff. However, if the commissioner proceeds with construction of 13 additional state-operated community residences for persons with developmental disabilities during the biennium ending June 30, 1993, and begins siting and constructing 24 additional state-operated community residential facilities for persons with developmental disabilities, then the commissioner may use a mitigated layoff procedure to reduce unnecessary staff at the regional treatment centers, as negotiated with respective collective bargaining agents. Affected employees must be offered alternative employ-

ment, severance pay, retraining, transfers, and other options that do not conflict with collective bargaining agreements.

The commissioner shall consolidate both program and support functions at each of the regional centers and state nursing homes to ensure efficient and effective space utilization that is consistent with applicable licensing and certification standards. The commissioner may transfer residents and positions between the regional center and state nursing home system as necessary to promote the most efficient use of available state buildings. Surplus buildings shall be reported to the commissioner of administration for appropriate disposition according to Minnesota Statutes, section 16B.24.

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.

(b) Other Residential Facilities Administration

1,876,000 1,874,000

Subd. 9. Health Care for Families and Individuals 813,451,000 912,430,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Medical Assistance and General Assistance Medical Care

773,991,000 865,916,000

For the biennium ending June 30, 1993, medical assistance and general assistance medical care payments for mental health services provided by masters-prepared licensed psychologists or psychological practitioners will

be 75 percent of the rate paid to doctoral-prepared licensed psychologists.

By October 1, 1991, the drug formulary committee shall review legend and nonlegend drug classes and advise the commissioner of formulary changes and prior authorization requirements necessary to provide a $1,300,000 savings in medical assistance and general assistance medical care drug expenditures for the biennium ending June 30, 1993. A percentage of the saving achieved by the state as a result of the federal drug rebate program may be applied towards this $1,300,000 reduction target.

The drug formulary committee shall review the department of human services drug utilization review program and drug utilization review programs that are available from other vendors to determine which program best ensures the appropriate use of pharmaceutical products for quality medical care for persons in the medical assistance, GAMC, and children's health plan programs. The committee shall report its findings to the commissioner by December 31, 1991.

Implementation of the reduced rate for therapy services provided by a physical or occupational therapy assistant, to 65 percent of the rate paid for services provided by a physical or occupational therapist, will be implemented in conjunction with the department's complete therapy code conversion project, or January 1, 1992, whichever occurs first.

For the biennium ending June 30, 1993, all receipts for services provided by community health clinics operated by the department of human services in accordance with Minnesota Statutes, sections 256B.04, subdivision 2, and 256B.0625, subdivision 4, and as enrolled medical assistance providers

under Minnesota Rules, part 9505.0255, shall be dedicated to the commissioner of human services for operation and expansion of the clinics. Any balances remaining in the clinic accounts at the end of the first year do not cancel but are available until spent.

Notwithstanding Minnesota Statutes, section 256B.0641, and Minnesota Rules, part 9505.0465, the commissioner of human services shall not be required to recover nonallowable federal medical assistance payments made between October 1, 1986, and December 31, 1988, from nursing facilities declared on January 1, 1989, as institutions for mental diseases.

(b) Children's Health Plan

6,555,000 11,195,000

(c) Health Care For Families and Individuals; Administration

32,905,000 35,319,000

The nonfederal share of the costs of case management services provided to persons with mental retardation or related conditions receiving home and community-based services funded through the waiver granted under section 1915(c)(7)(B) of the Social Security Act shall be provided from state-appropriated medical assistance grant funds for the biennium ending June 30, 1993. The division of cost is subject to Minnesota Statutes, section 256B.19, and the services are included as covered programs and services under Minnesota Statutes, section 256.025, subdivision 2.

$80,000 the first year is for a regional demonstration project under Minnesota Statutes, section 256B.73, to provide health coverage to uninsured persons. The commissioner shall contract with the coalition formed for the nine counties named in Minnesota

Statutes, section 256B.73, subdivision 2.

Recoveries obtained by the provider appeals unit shall be dedicated to the medical assistance account during the biennium ending June 30, 1993.

Sec. 3. OMBUDSMAN FOR MENTAL HEALTH AND MENTAL RETARDATION 1,033,000 1,031,000

Sec. 4. VETERANS NURSING HOMES BOARD 24,409,000 26,681,000

The amounts that may be spent from this appropriation for each program are more specifically described in the following subdivisions.

Subdivision 1. Veterans Nursing Homes

23,711,000 26,179,000

Any unencumbered balances in the first year do not cancel but are available for the second year of the biennium within the programs overseen by the veterans homes board of directors.

For the biennium ending June 30, 1993, the veterans homes board of directors may transfer unencumbered appropriation balances and positions from Luverne and Silver Bay nursing homes among all programs.

For the biennium ending June 30, 1993, the board may set costs of care at the Silver Bay and Luverne facilities based on costs from average skilled nursing care provided to residents of the Minneapolis veterans home.

Until the end of the 1994 licensure year, the commissioner of health shall not apply Minnesota Statutes, section 144.55, subdivision 6, paragraph (b), to the Minnesota veterans home at Hastings.

The department of health shall not reduce the licensed bed capacity for the Minneapolis veterans home for the biennium ending June 30, 1993, in lieu of presentation to the legislature of building needs and options by the veterans nursing homes board.

The veterans nursing homes board shall evacuate all residents and programs from building 6 of the Minneapolis veterans home by October 1, 1991, and secure the building.

Any funds encumbered for use in repairing building 6 are available for unrestricted use in the fiscal year 1991 operations for the Minneapolis veterans home.

Subd. 2. Veterans Nursing Homes Board

698,000 502,000

$200,000 is for development of a long-range planning report by the board to conduct a physical plant and environmental assessment of the Minneapolis and Hastings campuses to determine how to best meet the present and future needs of the board in delivering services to veterans. In developing this report, the board shall consider cost estimates and systemwide objectives for serving veterans as well as alternate siting options for the Minneapolis veterans home. The board shall present the report to the legislature by February 15, 1992. Any part of this appropriation not expended does not cancel but must be used to increase the appropriation for the Minneapolis veterans nursing home.

The veterans nursing homes board and the department of veterans affairs shall review current alternatives to long-term care for veterans and report to the legislature by February 15, 1992, with their review and proposals to en-

hance the availability and use of these options by veterans. This study must be done with existing resources.

Sec. 5. COMMISSIONER OF JOBS AND TRAINING 35,639,000 34,626,000

The amounts that may be spent from this appropriation for each program are more specifically described in the following subdivisions.

Subdivision 1. Rehabilitation Services

18,412,000 18,237,000

For the biennium ending June 30, 1993, at least 35 percent in the first year and 38 percent in the second year of the vocational rehabilitation activity budget must be directed toward grants, which are budgeted as aid to individuals and local assistance categories of expense.

The commissioner of jobs and training shall develop a plan for staffing adjustments and organizational restructuring in the vocational rehabilitation activity. The goal of the plan must be to lower administrative costs and redirect resources to direct services to clients. The commissioner shall present the plan to the legislature by February 15, 1992.

$100,000 shall be directed toward developing a plan for rehabilitation services programs provided by the state departments of jobs and training and human services. The plan shall be directed toward the goals of supporting the delivery of services to citizens with disabilities through a single point of entry at the community level, allowing greater consumer control, and ensuring greater coordination of services among the public and private agencies currently involved in providing services. The development of this plan

shall be done in cooperation with centers for independent living.

Subd. 2. Services for the Blind

3,611,000 3,576,000

This appropriation may be supplemented by funds provided by the Friends of the Communication Center, for support of Services for the Blind's Communication Center which serves all blind and visually handicapped Minnesotans. The commissioner shall report to the legislature on a biennial basis the funds provided by the Friends of the Communication Center.

Subd. 3. Economic Opportunity Office

8,289,000 8,287,000

For the biennium ending June 30, 1993, the commissioner 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 spend all of the transferred money during the year of the transfer or the year following the transfer. Up to 3.75 percent of the transferred money may be used by the commissioner for administrative purposes.

For the biennium ending June 30, 1993, the commissioner shall transfer 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 spend all of the transferred money during the year of the transfer or the year following the transfer. Up to 1.63 percent of the transferred money may be used by the commissioner for administrative purposes.

For the biennium ending June 30, 1993, no more than 1.63 percent of money remaining under the low-income home energy assistance program after transfers to the community services block grant program and the weatherization program may be used by the commissioner for administrative purposes.

For the biennium ending June 30, 1993, discretionary money from the community services block grant program (regular) must be used to supplement the appropriation for local storage, transportation, processing, and distribution of United States Department of Agriculture surplus commodities to the extent supplemental funding is required. Any remaining money must be allocated to state-designated and state-recognized community action agencies, Indian reservations, and the Minnesota migrant council.

The state appropriation for the temporary emergency food assistance program may be used to meet the federal match requirements.

Subd. 4. Employment and Training

5,327,000 4,526,000

Of the money appropriated for the summer youth employment programs for fiscal year 1992, $750,000 is immediately available. Any remaining balance of the immediately available money is available for the year in which it is appropriated. If the appropriation for either year of the biennium is insufficient, money may be transferred from the appropriation for the other year.

During the biennium ending June 30, 1993, and notwithstanding Minnesota Statutes, section 268.022, subdivision 2, the commissioner of finance shall transfer from the dislocated worker fund to the general fund $5,000,000 of

the money collected through the special assessment established in Minnesota Statutes, section 268.022, subdivision 1.

MEED service providers may retain 75 percent of outstanding payback funds they collect to be used for the cost of collection and for program closeout activities without regard to existing cost category requirements. MEED service providers may continue to operate the program until all activities are closed out, financial reports are finalized, and participants are terminated.

Of this appropriation, $50,000 is available in 1992 as start-up grants for the employment and education pilot program.

For the biennium ending June 30, 1993, the commissioner shall hold harmless the allocations to any program receiving funding for the displaced homemaker program that would be reduced due to any change in funding formula. In the event of increased appropriations, increases may be used in accordance with a needs-based formula.

Sec. 6. COMMISSIONER OF CORRECTIONS	163,835,000	170,779,000

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.

Any unencumbered balances remaining from fiscal year 1992 do not cancel but are available for the second year of the biennium.

For the biennium ending June 30, 1993, the commissioner of corrections may, with the approval of the commissioner of finance and upon notification of the chairs of the human resources division of the house appropriations committee and the human development division of the senate finance committee, transfer funds to or from salaries.

For the biennium ending June 30, 1993, and notwithstanding Minnesota Statutes, section 243.51, the commissioner of corrections may enter into agreements with the appropriate officials of any state, political subdivision, or the United States, for housing prisoners in Minnesota correctional facilities. Money received under the agreements is appropriated to the commissioner for correctional purposes.

The commissioner of corrections may delay filling any new department positions in order to operate within this appropriation.

The commissioner of corrections may transfer to the commissioner of human services unencumbered funds from fiscal year 1991 to accomplish the conversion of the Faribault regional treatment center to a shared campus with the department of corrections for a medium security correctional facility. The commissioner of corrections may use any additional unencumbered funds from fiscal year 1991 to renovate buildings at Faribault for the correctional facility. These funds do not cancel but are available to the commissioners of corrections and human services for both years of the biennium.

Subdivision 1. Correctional Institutions

112,941,000 119,769,000

Subd. 2. Community Services

40,298,000 40,443,000

$900,000 the first year and $600,000 the second year is for the juvenile detention services program for the following purposes.

$200,000 the first year and $140,000 the second year are for a 24-hour temporary holdover facility subsidy (includes administrative start-up funds, operational, construction/remodeling, training, and furnishings).

$240,000 the first year is for an eight-day temporary holdover facility subsidy (includes operational, construction/remodeling, training, and furnishings).

$260,400 the first year and $260,400 the second year are for 217 secure juvenile detention center beds with appropriation based on $1,200 subsidy per bed, per year.

$199,600 the first year and $198,716 the second year are for administration, training, rulemaking funds, clearinghouse services (requires an increase of 3.5 staff to the department of corrections, community services division; one director, one inspector, one secretary, and one half-time fiscal accounting officer).

The commissioner of corrections may transfer funds appropriated for the juvenile detention services program from one program category to another. Any unexpended money in the appropriation in the first year does not cancel but is available for the second year of the biennium.

The commissioner of finance shall adjust the base for the county probation reimbursement program, described in Minnesota Statutes, section 260.311, subdivision 5, to a level that allows the state to maintain a 50 percent reim-

bursement level to counties for the biennium beginning July 1, 1993.

During the biennium ending June 30, 1993, whenever offenders are assigned for the purpose of work under agreement with a state department or agency, local unit of government, or other government subdivision, the state department or agency, local unit of government, or other government subdivision must certify to the appropriate bargaining agent that the work performed by inmates will not result in the displacement of currently employed workers or workers on seasonal layoff or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits.

During the biennium ending June 30, 1993, notwithstanding Minnesota Statutes, section 609.105 or other law to the contrary, a felony offender sentenced in a community corrections act county may not be committed to the custody of the commissioner of corrections under an executed sentence of imprisonment if the time remaining in the offender's sentence, minus credit for prior imprisonment, is six months or less unless the offender's sentence was presumptively executed under the sentencing guidelines. Notwithstanding any law to the contrary, these offenders may be sentenced to imprisonment in a local jail or workhouse. The limitations of this paragraph apply to offenders whose sentences were executed at the time of sentencing and to offenders whose sentences were executed after revocation of a stayed felony sentence.

Subd. 3. Management Services

10,596,000 10,567,000

Sec. 7. SENTENCING GUIDELINES COMMISSION 287,000 302,000

Sec. 8. CORRECTIONS OMBUDSMAN	439,000	461,000
Sec. 9. COMMISSIONER OF HEALTH		
Subdivision 1. Appropriation by Fund		
General Fund	48,927,000	49,026,000
Metropolitan Landfill Contingency Fund	168,000	168,000
State Government Special Revenue Fund	505,000	563,000
Trunk Highway Fund	1,487,000	1,486,000

The appropriation from the metropolitan landfill contingency fund is for monitoring well water supplies and conducting health assessments in the metropolitan area.

The appropriation from the trunk highway fund is for emergency medical services activities.

The commissioner of health, with the approval of the commissioner of finance, may transfer appropriated funds between fiscal years and from supply and expense categories to the salary account in order to avoid layoffs.

The amounts that may be spent from this appropriation for each program and activity are more specifically described in the following subdivisions.

Subd. 2. Protective Health Services

General Fund	16,109,000	16,263,000
Metropolitan Landfill Contingency Fund	146,000	146,000

Subd. 3. Health Delivery Systems

General Fund

28,619,000 28,507,000

State Government Special Revenue Fund

505,000 563,000

Trunk Highway Fund

1,401,000 1,400,000

Notwithstanding any law to the contrary, general fund appropriations for the women, infants and children food supplement program (WIC) are available for either year of the biennium. A transfer of appropriations between fiscal years must be for the purpose of maximizing federal funds, minimizing fluctuations in the number of participants, or both.

$500,000 of the fiscal year 1991 appropriation for the women, infants and children (WIC) program provided for in Laws 1989, chapter 282, article 1, section 9, subdivision 3, must not be encumbered, and must be allowed to cancel.

Money is appropriated from the state government special revenue fund to the commissioner of health for the costs of establishing and implementing the administrative provisions of Minnesota Statutes, sections 148B.61 to 148B.71. The costs shall be recovered through a percentage of the indirect costs charged to each and every health-related licensing board, the formula to be determined by the commissioner of health.

If the state is required to comply with United States Code, title 42, section 705, subsection (a), paragraph (3), federal funds allocated to the commissioner of health under Minnesota Statutes, section 145.882, subdivision

2, may be transferred to the commissioner of human services to purchase covered services under Minnesota Statutes, section 256.936. The commissioner of human services shall transfer an equal amount of funds appropriated for covered services under Minnesota Statutes, section 256.936 to the commissioner of health to ensure access to quality child health services under Minnesota Statutes, section 145.88.

General fund appropriations for treatment services in the services for children with handicaps program are available for either year of the biennium.

During the biennium ending June 30, 1993, and notwithstanding Minnesota Statutes, section 144A.48, subdivision 2, clause (9), the commissioner of health may issue a hospice license to a freestanding residential facility that was registered and was providing hospice services as of March 1, 1990, if that facility is licensed as a board and lodging facility, provides services to no more than six residents, meets group R, division 3 occupancy requirements and meets the fire protection provisions of chapter 21 of the 1985 Life Safety Code, NFPA 101, of the National Fire Protection Association, for facilities housing persons with impractical evacuation capabilities. Continued licensure as a hospice must be contingent on the facility's compliance with the department of health rules for hospices and for residential care facilities upon adoption of those rules.

Notwithstanding Minnesota Statutes, sections 144A.46 and 144A.49, during the biennium ending June 30, 1993, the commissioner of health shall not collect a registration fee from or charge a licensure fee to a home care provider operated by a statutory or home rule charter city, county, town, or other governmental agency. Notwithstanding

Minnesota Statutes, sections 16A.128 and 144.122, during the biennium ending June 30, 1993, the commissioner of health is not required to recover, through registration or licensure fees, the costs for the development and ongoing implementation of the home care licensure program that could be recovered through fees charged to home care providers operated by city, county, or other governmental entities.

The commissioner shall fund a statewide family planning hotline grant and shall allocate remaining family planning special project grant funds to eight regions according to a needs-based distribution formula.

The increased funding for family planning special project grants may be used only to provide grants to special projects that make available, either directly or through referral, all of the methods of contraception approved by the federal department of health and human services.

Subd. 4. Health Support Services

General Fund

4,237,000 4,286,000

Metropolitan Landfill Contingency Fund

22,000 22,000

Trunk Highway Fund

86,000 86,000

Sec. 10. HEALTH-RELATED BOARDS

Subdivision 1. Total Appropriation

State Government Special Revenue Fund 5,791,000 5,913,000

Fees generated by the health-related licensing boards or the commissioner of health under Minnesota Statutes, section 214.06, must be credited to the health occupations licensing account within the state government special revenue fund.

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.

Unless otherwise designated, all appropriations in this section are from the state government special revenue fund.

Subd. 2. Board of Chiropractic Examiners	283,000	291,000
Subd. 3. Board of Dentistry	586,000	586,000
Subd. 4. Board of Medical Examiners	1,958,000	1,951,000

For the biennium ending June 30, 1993, fees set by the board of medical examiners pursuant to Minnesota Statutes, section 214.06, must be fixed by rule. The procedure for noncontroversial rules in Minnesota Statutes, sections 14.22 to 14.28 may be used except that, notwithstanding the requirements of Minnesota Statutes, section 14.22, paragraph (3), no public hearing may be held. The notice of intention to adopt the rules must state that no hearing will be held. This procedure may be used only when the total fees estimated for the biennium do not exceed the sum of direct appropriations, indirect costs, transfers in, and salary supplements for that purpose. A public hearing is required for adjustments of

fees spent under open appropriations of dedicated receipts.		
Subd. 5. Board of Nursing	1,341,000	1,380,000
Subd. 6. Board of Examiners for Nursing Home Administrators	165,000	193,000
Subd. 7. Board of Optometry	69,000	71,000
Subd. 8. Board of Pharmacy	544,000	599,000
Deficiency: $16,000 is appropriated for fiscal year 1991 to the board of pharmacy from the state government special revenue fund.		
Subd. 9. Board of Podiatry	28,000	28,000
Subd. 10. Board of Psychology	237,000	206,000
Deficiency: $30,000 is appropriated for fiscal year 1991 to the board of psychology from the state government special revenue fund.		
Subd. 11. Board of Marriage and Family Therapy	94,000	94,000
Subd. 12. Board of Social Work	406,000	406,000
Subd. 13. Board of Veterinary Medicine	110,000	108,000
Sec. 11. COUNCIL ON DISABILITY	568,000	583,000
Sec. 12. COUNCIL ON BLACK MINNESOTANS	195,000	200,000
State Government Special Revenue Fund	22,000	23,000
Sec. 13. COUNCIL ON AFFAIRS OF SPANISH-SPEAKING PEOPLE	213,000	220,000
State Government Special Revenue Fund	22,000	23,000
During the biennium ending June 30, 1993, council publications may contain advertising. Funds derived from advertising are appropriated to the council for purposes of council publications.		
For the biennium ending June 30, 1993, the council shall report to the		

legislature on the revenues and expenditures from advertising by February 15 each year.

Sec. 14. COUNCIL ON ASIAN-PACIFIC MINNESOTANS	170,000	174,000
State Government Special Revenue Fund	22,000	23,000
Sec. 15. INDIAN AFFAIRS COUNCIL	354,000	365,000
State Government Special Revenue Fund	22,000	23,000
Sec. 16. COMMISSIONER OF HUMAN RIGHTS	3,214,000	3,361,000
General –		

The department of human rights may not be charged by the attorney general for legal representation on behalf of complaining parties who have filed a charge of discrimination with the department. This provision is effective retroactive to July 1, 1989. The department does not have an obligation to pay for any services rendered by the attorney general since July 1, 1985, in excess of the amounts already paid for those services.

Sec. 17. COMMISSIONER OF HOUSING FINANCE AGENCY		
Subdivision 1. Total Appropriation	12,409,000	12,409,000

Approved Complement – 139

Spending limit on cost of general administration of agency programs:

1992	1993
8,305,000	8,686,000

This appropriation is for transfer to the housing development fund for the programs specified.

$250,000 the first year and $250,000 the second year are for housing programs for the elderly under Minnesota

Statutes, section 462A.05, subdivision 24.

$375,000 the first year and $375,000 the second year are for home ownership assistance under Minnesota Statutes, section 462A.21, subdivision 8.

$1,488,000 the first year and $1,487,000 the second year are for tribal Indian housing programs under Minnesota Statutes, section 462A.07, subdivision 14.

$225,000 the first year and $225,000 the second year are for urban Indian housing programs under Minnesota Statutes, section 462A.07, subdivision 15, to be distributed by the agency without regard to any allocation formula.

$4,300,000 the first year and $4,300,000 the second year are for housing rehabilitation and accessibility loans under Minnesota Statutes, section 462A.05, subdivisions 14a and 15a.

$875,000 the first year and $875,000 the second year are for special needs housing for homeless persons under Minnesota Statutes, sections 462A.05, subdivision 20, and 462A.21.

$187,000 the first year and $188,000 the second year are for rural and urban homesteading grants under Minnesota Statutes, sections 462A.057 and 462A.21.

$2,084,000 the first year and $2,084,000 the second year are for low-income rental housing under Minnesota Statutes, section 462A.21, subdivisions 8b and 8c.

$100,000 the first year and $100,000 the second year are for capacity build-

ing grants under Minnesota Statutes, section 462A.21, subdivision 3b.

$25,000 the first year and $25,000 the second year are for the home equity conversion loan counseling program under Minnesota Statutes, section 462A.28.

Any state appropriations used to meet match requirements under Title II of the National Affordable Housing Act of 1990, Public Law Number 101-625, 104 Stat. 4079, must be repaid, to the extent required by federal law, to the HOME Investment Trust Fund established by the department of housing and urban development pursuant to Title II of the National Affordable Housing Act of 1990 for the state of Minnesota or for the appropriate participating jurisdiction.

$2,500,000 the first year and $2,500,000 the second year are for the rent assistance for the shallow rent subsidy program.

State appropriations to the Minnesota housing finance agency may be granted by the agency to cities or nonprofit organizations to the extent necessary to meet match requirements under Title II of the National Affordable Housing Act of 1990, Public Law Number 101-625, 104 Stat. 4079, provided that other program requirements are met.

Sec. 18. COMMISSIONER OF FINANCE

During the biennium ending June 30, 1993, the commissioner of finance shall forward to the chairs of the human resources division of the house appropriations committee and the human development division of the senate finance committee all reports of projected funding deficiencies in programs operated or supervised by the departments of human services, human

rights, health, jobs and training, and corrections, the housing finance agency, the councils listed in sections 11 to 15, and the offices of ombudsman for corrections and for mental health and mental retardation, the sentencing guidelines commission, the health-related boards, and the department of veterans affairs. If no deficiency funding recommendations are made by the governor, the commissioner shall notify the legislature of any projected deficiencies by February 1 of each year.

Sec. 19. TRANSFERS OF MONEY

Subdivision 1. Governor's Approval Required

For the biennium ending June 30, 1993, the commissioners of human services, human rights, corrections, jobs and training, and health, the housing finance agency, the councils listed in sections 11 to 15, and the veterans nursing homes board shall not transfer money to or from the object of expenditure "personal services" to or from the object of expenditure "grants and aid," except for services for the blind, basic client rehabilitation services, and rehabilitation services for workers' compensation recipients, and upon the written approval of the governor after consulting with the legislative advisory commission. For purposes of this subdivision, the object of expenditures are those identified in the biennial budget system, to the extent that the expenditure identified in the budget, or a modified form of it, is contained in an appropriation in this act.

Subd. 2. Transfers of Unencumbered Appropriations

For the biennium ending June 30, 1993, the commissioners of human services, human rights, corrections, health, and jobs and training, the housing finance agency, the councils listed

in sections 11 to 15, and the veterans nursing homes board, by direction of the governor after consulting with the legislative advisory commission, may transfer unencumbered appropriation balances and positions among all programs.

For the biennium ending June 30, 1993, wages for project labor may be paid by the commissioners of human services and corrections out of repairs and betterment funds if the individual is to be engaged in a construction project or repair project of a short-term and nonrecurring nature. Compensation for project labor shall be based on the prevailing wage rates, as defined in Minnesota Statutes, section 177.42, subdivision 6. Project laborers are excluded from the provisions of Minnesota Statutes, sections 43A.22 to 43A.30, and shall not be eligible for state-paid insurance and benefits.

Sec. 20. PROVISIONS

For the biennium ending June 30, 1993, money appropriated to the commissioner of corrections, the commissioner of human services, and the veterans nursing home board 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 written 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 1992 and fiscal year 1993 must be based on the June 1991 and June 1992 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.

ARTICLE 2

HEALTH DEPARTMENT

Section 1. Minnesota Statutes 1990, section 15.46, is amended to read:

15.46 [PREVENTIVE HEALTH SERVICES FOR STATE EMPLOYEES.]

The commissioner of the department of employee relations may establish and operate a program of preventive health services for state employees, and shall provide such staff, equipment, and facilities as are necessary therefor. The commissioner shall develop these services in accordance with the accepted practices of and standards for occupational preventive health services in the state of Minnesota. Specific services shall be directed to the work environment and to the health of the employee in relation to the job. The commissioner shall cooperate with the department of health as well as other private and public community agencies providing health, safety, employment, and welfare services. A county may establish and operate a program of preventive health and employee recognition services for county employees and may provide necessary staff, equipment, and facilities and may expend funds as necessary to achieve the objectives of the program.

Sec. 2. Minnesota Statutes 1990, section 103I.235, is amended to read:

103I.235 [SALE OF PROPERTY WHERE WELLS ARE LOCATED.]

Subdivision 1. [DISCLOSURE OF WELLS TO BUYER.] (a) Before signing an agreement to sell or transfer real property, the seller must disclose in writing to the buyer information about the status and location of all known wells on the property, by delivering to the buyer either a statement by the seller that the seller does not know of any wells on the property, or a disclosure statement indicating the legal description and county, and a map drawn from available information showing the location of each well to the extent

practicable. In the disclosure statement, the seller must indicate, for each well, whether the well is in use, not in use, or sealed.

(b) At the time of closing of the sale, the disclosure statement information and the quartile, section, township, and range in which each well is located must be provided on a well disclosure certificate signed by the seller or a person authorized to act on behalf of the seller. ~~A well certificate need not be provided~~ If ~~the closing occurs before November 1, 1990, or~~ the seller does not know of any wells on the property ~~and~~, a well disclosure certificate is not required; however, the deed or other instrument of conveyance ~~contains~~ must contain the statement: "The Seller certifies that the Seller does not know of any wells on the described real property."

If a deed is given pursuant to a contract for deed, the well disclosure certificate required by this subdivision shall be signed by the buyer or a person authorized to act on behalf of the buyer. If the buyer knows of no wells on the property, a well disclosure certificate is not required; however, the deed or other instrument of conveyance must contain the statement: "The purchaser certifies the purchaser does not know of any wells on the property."

(c) This subdivision does not apply to the sale, exchange, or transfer of real property:

(1) that consists solely of a sale or transfer of severed mineral interests; or

(2) that consists of an individual condominium unit as described in chapters 515 and 515A.

(d) For an area owned in common under chapter 515 or 515A the association or other responsible person must report to the commissioner by January 1, 1992, the location and status of all wells in the common area. The association or other responsible person must notify the commissioner within 30 days of any change in the reported status of wells.

~~(e)~~ (e) If the seller fails to provide a required well disclosure certificate, the buyer, or a person authorized to act on behalf of the buyer, may sign a well disclosure certificate based on the information provided on the disclosure statement required by this section or based on other available information.

~~(d)~~ (f) A county recorder or registrar of titles may not record a deed or other instrument of conveyance dated after October 31, 1990, for which a certificate of value is required under section 272.115, or any deed or other instrument of conveyance dated after October 31, 1990, from a governmental body exempt from the payment of state deed tax, unless the deed or other instrument of conveyance either

contains the statement "The Seller certifies that the Seller does not know of any wells on the described real property," or is accompanied by the well disclosure certificate required by this subdivision. The county recorder or registrar of titles shall note on each deed or other instrument of conveyance accompanied by a well disclosure certificate that the well disclosure certificate was received. The well disclosure certificate shall not be filed or recorded in the records maintained by the county recorder or registrar of titles. The county recorder or registrar of titles shall transmit the well disclosure certificate to the commissioner of health within 15 days after receiving the well disclosure certificate. The commissioner shall maintain the well disclosure certificate for at least six years. The commissioner may store the certificate as an electronic image. A copy of that image shall be as valid as the original. The commissioner shall charge the buyer of the property a fee of $10 for the processing of the well disclosure certificate.

~~(e)~~ (g) The commissioner in consultation with county recorders shall prescribe the form for a well disclosure certificate and provide well disclosure certificate forms to county recorders and registrars of titles and other interested persons.

~~(f)~~ (h) Failure to comply with a requirement of this subdivision does not impair:

(1) the validity of a deed or other instrument of conveyance as between the parties to the deed or instrument or as to any other person who otherwise would be bound by the deed or instrument; or

(2) the record, as notice, of any deed or other instrument of conveyance accepted for filing or recording contrary to the provisions of this subdivision.

Subd. 2. [LIABILITY FOR FAILURE TO DISCLOSE.] Unless the buyer and seller agree to the contrary, in writing, before the closing of the sale, a seller who fails to disclose the existence or known status of a well at the time of sale and knew or had reason to know of the existence or known status of the well, is liable to the buyer for costs relating to sealing of the well and reasonable attorney fees for collection of costs from the seller, if the action is commenced within six years after the date the buyer closed the purchase of the real property where the well is located.

Sec. 3. [144.99] [SPECIAL ACCOUNT; PURPOSE.]

A special account is created within the department of health, to be known as the special account for pediatric access and training. The purpose of this account is to meet the changing health needs of Minnesota infants, children, and adolescents through the comprehensive training of pediatricians, with emphasis on those medical and psychosocial conditions encountered in outpatient practice,

where most care is provided today. All money in the account is annually appropriated to the department of pediatrics, University of Minnesota school of medicine. Money in the account is to be used by the department of pediatrics to implement section 4.

Sec. 4. [144.991] [PROGRAM FOR PEDIATRIC ACCESS AND TRAINING.]

Subdivision 1. [GOALS.] The department of pediatrics in the University of Minnesota school of medicine shall administer a program for pediatric access and training. The goals of this program shall be to graduate pediatricians who:

(1) have the expertise necessary to supervise the health maintenance of infants, children, and adolescents, and treat their illnesses and disabilities in both outpatient and inpatient settings;

(2) have an interest in practicing in rural and small urban areas of the state where they are able to serve as consultants for family physicians; and

(3) as part of their practice in rural, or small urban areas, can manage conditions that are currently referred to pediatricians in large urban settings.

Subd. 2. [PROGRAM COMPONENTS.] (a) Components of the program shall include, but are not limited to:

(1) specialized training in a variety of outpatient settings;

(2) recruitment of individuals with a high probability of establishing a pediatric practice in a rural or small urban, nonmetropolitan, setting;

(3) rural training rotations; and

(4) development of peer support mechanisms for rural pediatric practitioners.

(b) The specialized training must provide pediatric trainees with substantial experience in the evaluation and management of the following conditions:

(1) disability due to birth defects and other severe illnesses of early infancy;

(2) chronic childhood disease and disability;

(3) child neglect and abuse;

(4) health problems prevalent among underserved infants and youth;

(5) physical and intellectual impairments;

(6) educational and behavioral disabilities;

(7) adolescent nutrition, pregnancy, and substance abuse; and

(8) childhood and adolescent disease and injury prevention.

Sec. 5. Minnesota Statutes 1990, section 144A.51, subdivision 5, is amended to read:

Subd. 5. "Health facility" means a facility or that part of a facility which is required to be licensed pursuant to sections 144.50 to 144.58, ~~and~~ a facility or that part of a facility which is required to be licensed under any law of this state which provides for the licensure of nursing homes, and a residential care home licensed under sections 144B.10 to 144B.17.

Sec. 6. Minnesota Statutes 1990, section 144A.53, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] The director may:

(a) Promulgate by rule, pursuant to chapter 14, and within the limits set forth in subdivision 2, the methods by which complaints against health facilities, health care providers, home 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, incident reports, or documents in the possession of an administrative agency, a health care provider, a home 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 or home care provider, or under section 144A.45. 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 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.

(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.

Sec. 7. [144B.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] As used in sections 144B.01 to 144B.17, the following terms have the meanings given them in this section.

Subd. 2. [ADULT.] "Adult" means a person who has attained the age of 18 years.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of health or the commissioner's designee.

Subd. 4. [DEPARTMENT.] "Department" means the Minnesota department of health.

Subd. 5. [RESIDENTIAL CARE HOME OR HOME.] "Residential care home" or "home" means an establishment with a minimum of five beds, where adult residents are provided sleeping accommodations and two or more meals per day and where supportive services are provided or offered to all residents by the facility. A "residential care home" does not include:

(1) a board and lodging establishment licensed under chapter 157

and also licensed by the commissioner of human services under chapter 245A;

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

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

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

Subd. 6. [SUPPORTIVE SERVICES.] "Supportive services" means the provision of supervision and minimal assistance with independent living skills. Supportive services include assistance with transportation, arranging for meetings and appointments, arranging for medical and social services, help with laundry, managing money, and personal shopping assistance. In addition, supportive services include, if needed, assistance with walking, grooming, dressing, eating, bathing, toileting, and providing reminders to residents to take medications. Supportive services also include other health-related support services identified by the commissioner in rule.

Sec. 8. [144B.02] [LICENSE REQUIRED.]

No person, partnership, association, or corporation, nor any state, county, or local governmental units, nor any division, department, board, or agency shall establish, operate, conduct, or maintain in the state any residential care home without first obtaining a license as required in sections 144B.01 to 144B.17. No person or entity shall advertise a home providing services required to be licensed under sections 144B.01 to 144B.17 without first obtaining a license. A violation of this section 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 home. Proceedings for securing an injunction may be brought by the attorney general or by the appropriate county attorney. The sanctions in this section do not restrict other available sanctions.

Sec. 9. [144B.03] [LICENSE APPLICATION.]

Subdivision 1. [LICENSE PROCEDURES.] The commissioner shall by rule establish forms and procedures for processing residential care home license applications. An application for a residential care home license shall include:

(1) the name and address of the licensee and the manager of the home to be licensed;

(2) the address of the home; and

(3) any other relevant information which the commissioner by rule may determine is necessary to properly evaluate an application for license.

An applicant for licensure which is a corporation shall submit copies of its articles of incorporation and bylaws and any amendments as they occur, together with the names and addresses of its officers and directors. An applicant for licensure which is a foreign corporation shall furnish the commissioner with a copy of its certificate of authority to do business in this state. The application of a corporation, association, or a governmental unit or instrumentality shall be signed by at least two officers or managing agents of that entity.

Subd. 2. [AGENTS IDENTIFIED.] Each application for a residential care home license or for renewal of a residential care home license shall specify one or more individuals or employees as agents:

(1) who shall be responsible for dealing with the commissioner on all matters provided for in sections 144B.01 to 144B.17; and

(2) on whom personal service of all notices and orders shall be made, and who shall be authorized to accept service on behalf of the licensee.

Notwithstanding any law to the contrary, personal service on the designated person or persons named in an application shall be deemed to be service on the licensee, and it shall not be a defense to any action arising, that personal service was not made on each individual. The designation of one or more individuals pursuant to this subdivision shall not affect the legal responsibility of the licensee under sections 144B.01 to 144B.17.

Sec. 10. [144B.04] [FEES.]

Each application for a license to operate a residential care home, or for a renewal of license, shall be accompanied by a fee established by the commissioner according to section 144.122. No fee shall be refunded. The fee established must include an amount necessary to recover, over a five-year period, the commissioner's direct expenditures for adoption of the residential care home rules.

Sec. 11. [144B.05] [QUALIFICATIONS FOR LICENSE.]

Subdivision 1. [COMPLIANCE REQUIRED.] No license shall be

issued to a home unless the commissioner of health determines that the home complies with the requirements of this chapter.

Subd. 2. [APPLICATION REQUIRED.] The applicant for a license under sections 144B.01 to 144B.17 must comply with the application requirements specified by section 144B.03.

Subd. 3. [HEALTH; SAFETY STANDARDS.] The home must meet the minimum health, safety, comfort, and well-being standards prescribed by the rules of the commissioner with respect to the construction, equipment, maintenance, and operation of a residential care home.

Subd. 4. [LICENSURE CONDITIONS OR LIMITATIONS.] The commissioner may attach to the license any conditions or limitations necessary to assure compliance with the laws or rules governing the operation of the home or to protect the health, safety, comfort, or well-being of the residents. A condition or limitation may be attached to the license when first issued, when renewed, or during the course of the licensure year. The commissioner shall adopt rules governing the procedures for issuing conditions or limitations.

Sec. 12. [144B.06] [LICENSE RENEWAL.]

Unless the license is suspended or revoked according to section 144B.08, a residential care home license is effective for one year from the date of its issuance. The commissioner shall by rule establish forms and procedures for the processing of license renewals. The commissioner shall approve a license renewal application if the home continues to satisfy the requirements, standards, and conditions of sections 144B.01 to 144B.17, and the rules adopted under those sections.

Sec. 13. [144B.07] [TRANSFERABILITY OF LICENSE.]

Subdivision 1. [TRANSFERS PROHIBITED; CHANGE OF OWNERSHIP.] A license shall be issued only for the premise identified in the application for license and may not be transferred or assigned to another party. Prior to any change of licensee of a home, the prospective licensee must apply for a license according to subdivision 2. "Change of licensee" means a transfer of the legal responsibility to operate the home to a different individual or entity.

Subd. 2. [NOTIFICATION.] At least 60 days prior to the final change of license, the prospective licensee shall notify the department of the intended change of licensee and shall file an application for a license. The original licensee shall notify the department of the intended change at least 90 days prior to the change. The original licensee remains responsible for the operation of the home until the

date a new license is issued by the department. The original licensee is liable for all penalties assessed against the home and for all violations occurring prior to the transfer of operation. The commissioner may not issue a license to the prospective licensee if, at the time of the requested transfer, there are any uncorrected violations of sections 144B.01 to 144B.17 or rules adopted under those sections unless the commissioner determines that the violations will not create an imminent risk of harm to the residents and that the prospective licensee has submitted an acceptable plan of correction to the commissioner.

Sec. 14. [144B.08] [LICENSE SUSPENSION, REVOCATION, OR REFUSAL TO ISSUE; HEARING; RELICENSING.]

Subdivision 1. [PROCEEDINGS.] The commissioner may institute proceedings to suspend or revoke a residential care home license, or may refuse to grant or renew the license of a residential care home if any action by a licensee or employee of the residential care home:

(1) violates any of the provisions of sections 144B.01 to 144B.17, or the rules adopted under those sections;

(2) permits, aids, or abets the commission of any illegal act in the residential care home or relating to the operation of the home;

(3) performs any act contrary to the welfare of the residential care home; or

(4) obtains, or attempts to obtain, a license by fraudulent means or misrepresentation.

Subd. 2. [HEARING.] No residential care home license may be suspended or revoked, and renewal may not be denied, without a hearing held as a contested case in accordance with chapter 14. If the individual designated under section 144B.03, subdivision 2, as an agent to accept service on behalf of the licensee has been notified by the commissioner that the home will not receive an initial license or that a license renewal has been denied, the licensee or a legal representative on behalf of the residential care home may request and receive a hearing on the denial. This hearing shall be held as a contested case in accordance with chapter 14.

Subd. 3. [MANDATORY REVOCATION OR REFUSAL TO ISSUE A LICENSE.] Notwithstanding subdivision 2, the commissioner shall revoke or refuse to issue a residential care home license if the applicant, licensee, or manager of the licensed home is convicted of a felony or gross misdemeanor that is punishable by a term of imprisonment of not more than 90 days and that relates to operation of the residential care home or directly affects resident safety or

care. The commissioner shall notify the residential care home 30 days before the date of revocation.

Subd. 4. [RELICENSING.] If a residential care home license is revoked, a new application for license may be considered by the commissioner when the conditions upon which revocation was based have been corrected and satisfactory evidence of this fact has been furnished to the commissioner. A new license may be granted after an inspection has been made and the home has been found to comply with all provisions of sections 144B.01 to 144B.17, and the rules adopted under those sections.

Sec. 15. [144B.09] [RULES.]

The commissioner shall establish by rule minimum standards for the construction, maintenance, equipping, and operation of residential care homes. To the extent possible, the rules shall assure the health, safety, comfort, and well-being of residential care home residents. The rules shall include, but not be limited to the following provisions:

(1) the supportive services that can be provided;

(2) special service permit requirements for medication or other supportive services;

(3) staffing requirements;

(4) training and qualifications of staff;

(5) criteria for admission and continued stay of a resident;

(6) resident rights;

(7) fire safety and physical plant requirements that are based on the size of the home, and the resident's ability to ambulate, taking into consideration the need for differing standards for existing physical plants and for new construction; and

(8) procedures for granting variances or waivers from the rules.

Sec. 16. [144B.10] [INSPECTIONS; ENFORCEMENT.]

Subdivision 1. [ENFORCEMENT.] The department is the exclusive state agency charged with the responsibility and duty of inspecting all homes required to be licensed under sections 144B.01 to 144B.17. The commissioner shall enforce its rules subject only to the authority of the department of public safety respecting the enforcement of fire and safety standards in licensed residential care homes.

Subd. 2. [PERIODIC INSPECTION.] (a) All homes required to be licensed under sections 144B.01 to 144B.17 shall be periodically inspected by the commissioner to ensure compliance with rules and standards. Inspections shall occur at different times throughout the calendar year.

(b) Within the limits of the resources available to the commissioner, the commissioner shall conduct inspections and reinspections with a frequency and in a manner calculated to produce the greatest benefit to residents. In performing this function, the commissioner may devote proportionately more resources to the inspection of those homes in which conditions present the most serious concerns with respect to resident health, safety, comfort, and well-being, including: (1) change in ownership; (2) frequent change in management or staff; (3) complaints about care, safety, or rights; (4) previous inspections or reinspections which have resulted in correction orders related to care, safety, or rights; and (5) indictment of persons involved in ownership or operation of the home for alleged criminal activity.

(c) A home that does not have any of the conditions in paragraph (b) 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.

Subd. 3. [AUTHORITY.] The commissioner may request and must be given access to relevant information, records, incident reports, or other documents in the possession of a home 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.

Subd. 4. [INSPECTIONS WITHOUT NOTICE.] No prior notice shall be given of an inspection or reinspection conducted under this section.

Subd. 5. [CORRECTION ORDERS.] Whenever a duly authorized representative of the commissioner determines that a home is not in compliance with the provisions of this chapter or the rules adopted under it, a correction order shall be issued to the home. The correction order shall state the deficiency, cite the specific law or rule violated, and specify the time allowed for correction.

Subd. 6. [REINSPECTIONS; FINES.] If, upon reinspection, it is found that the home has not corrected deficiencies specified in the correction order, a notice of noncompliance shall be issued stating all deficiencies not corrected. Unless a hearing is requested under subdivision 8, the home shall forfeit to the state, within 15 days

after receiving the notice of noncompliance, up to $1,000 for each deficiency not corrected. For each subsequent reinspection, the home may be fined an additional amount for each deficiency which has not been corrected. All forfeitures shall be paid into the general fund. The commissioner shall adopt by rule a schedule of fines applicable for each type of uncorrected deficiency.

Subd. 7. [RECOVERY.] Any unpaid forfeitures may be recovered by the attorney general.

Subd. 8. [HEARINGS.] A licensee is entitled to a hearing on any notice of noncompliance provided that the licensee makes a written request within 15 days after receiving the notice of noncompliance. Failure to request a hearing shall result in the forfeiture of a penalty as determined by the commissioner according to subdivision 6. During the hearing and review process a request for a hearing shall operate as a stay of the payment of any forfeiture provided for in this section. The hearing shall be conducted as a contested case proceeding under the provisions of chapter 14.

Subd. 9. [RECORDS OF INSPECTIONS.] After each inspection or reinspection required or authorized by this section, the commissioner shall, by certified mail, send copies of any correction order or notice of noncompliance to the home. A copy of each correction order and notice of noncompliance shall be kept on file at the home and shall be made available for viewing by any person upon request.

Subd. 10. [POWERS NOT LIMITED.] Nothing in this section shall be construed to limit the powers granted to the commissioner in this chapter.

Sec. 17. [144B.11] [INJUNCTIVE RELIEF; SUBPOENAS.]

Subdivision 1. [INJUNCTIVE RELIEF.] In addition to any other remedy provided by law, the commissioner may bring an action in the district court in Ramsey or Hennepin county or in the district in which a home is located to enjoin the licensee or an employee of the home from illegally engaging in activities regulated by sections 144B.01 to 144B.17. A temporary restraining order may be granted by the court in the proceeding if continued activity by the licensee or employee would create an imminent risk of harm to a resident of the facility.

Subd. 2. [SUBPOENAS.] In all matters pending before the commissioner under sections 144B.01 to 144B.17, the commissioner shall have the power to issue subpoenas, and to compel the attendance of witnesses and the production of all necessary papers, books, records, documents, and other evidentiary material. Any person failing or refusing to appear or testify regarding any matter about which that person may be lawfully questioned or refusing to produce any papers, books, records, documents, or evidentiary materials in

the matter to be heard, after having been required by order of the commissioner or by a subpoena of the commissioner to do so may, upon application by the commissioner to the district court in any district, be ordered by the court to comply with the subpoena or order. The commissioner may issue subpoenas and may administer *oaths to witnesses,* or take their affirmation. Depositions may be taken within or without the state in the manner provided by law for the taking of depositions in civil actions, with the same fees and mileage and in the same manner as prescribed by law for process issued out of the district court of this state. Fees and mileage and other costs for persons subpoenaed by the commissioner shall be paid in the same manner as for proceedings in district court.

Sec. 18. [144B.12] [PLACEMENT OF A MONITOR.]

Subdivision 1. [AUTHORITY.] The commissioner may place a person to act as a monitor in a residential care home when the commissioner determines that violations of this chapter, or the rules adopted under it, require extended surveillance to enforce compliance or to protect the health, safety, or welfare of the residents.

Subd. 2. [DUTIES OF THE MONITOR.] The monitor shall observe *the operation of the home, provide* advice to the home on methods of complying with state law and rules, where documented deficiencies for the regulations exist, and periodically shall submit a written report to the commissioner on the ways in which the home meets or fails to meet state rules.

Subd. 3. [SELECTION OF THE MONITOR.] The commissioner may select as monitor an employee of the department or may contract with any other individual to serve as a monitor. The commissioner shall publish a notice in the State Register that requests proposals from individuals who wish to be considered for placement as monitors and that sets forth the criteria for selecting individuals as monitors. The commissioner shall maintain a list of individuals who are not employees of the department who are interested in serving as monitors. The commissioner may contract with those individuals determined to be qualified.

Subd. 4. [PAYMENT OF THE MONITOR.] A residential care home in which a monitor is placed shall pay to the department the actual costs associated with the placement, unless the payment would create an undue hardship for the home.

Sec. 19. [144B.13] [FREEDOM FROM ABUSE AND NEGLECT.]

Residents shall be free from abuse and neglect as defined in section 626.557, subdivision 2. The commissioner shall by rule develop procedures for the reporting of alleged incidents of abuse or neglect in residential care homes. The office of health facility

complaints shall investigate reports of alleged abuse or neglect according to sections 144A.51 to 144A.54.

Sec. 20. [144B.14] [CESSATION OF OPERATIONS.]

If a residential care home voluntarily plans to cease operations or to curtail operations to the extent that relocation of residents is necessary, the licensee of the home shall notify the commissioner at least 90 days prior to the scheduled cessation or curtailment. The commissioner shall cooperate with and advise the licensee of the home in the resettlement of residents. Failure to comply with this section shall be subject to the issuance of a correction order and fine under section 144B.10.

Sec. 21. [144B.15] [HUMAN SERVICES LICENSURE EXCLUSION.]

Notwithstanding section 245A.03, subdivision 2, board and lodging establishments licensed by the commissioner and registered under section 157.031, subdivision 2, that provide services for five or more persons whose primary diagnosis is mental illness and who have refused a residential program offered by a county agency are exempt from licensure under sections 245A.01 to 245A.16, until one year after the residential care home licensure rules required under sections 144B.01 to 144B.17 are adopted by the commissioner of health. At that time, these establishments shall be licensed under sections 245A.01 to 245A.16, or as residential care homes.

Sec. 22. [144B.16] [TRANSITIONAL PERIOD.]

Except as provided for in section 157.031, subdivision 4, the requirement to obtain a residential care home license is effective as of the effective date of the rules adopted by the commissioner. Until that time, board and lodging establishments that are required to be registered under the provisions of section 157.031 shall continue to meet the requirements contained in that section.

Sec. 23. [144B.17] [ADVISORY WORK GROUP.]

The commissioner shall convene a work group to advise, consult with, and make recommendations to the commissioner regarding the development of rules required under sections 144B.01 to 144B.16. The work group must include consumers and providers of the services described in sections 144B.01 to 144B.16 and other interested parties.

Sec. 24. Minnesota Statutes 1990, 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 or examination of a medical, psychiatric, or mental condition, the surviving spouse and parents of a deceased patient, 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 chapter 147, 148, 148B, 150A, 151, or 153; (2) a home care provider licensed under section 144A.46; ~~and~~ (3) a health care facility licensed pursuant to this chapter or chapter 144A; and (4) an unlicensed mental health practitioner regulated pursuant to sections 148B.60 to 148B.71.

Sec. 25. Minnesota Statutes 1990, section 145.925, is amended by adding a subdivision to read:

Subd. 9. Notwithstanding any rules to the contrary, including rules proposed in the State Register on April 1, 1991, the commissioner, in allocating grant funds for family planning special projects, shall not limit the total amount of funds that can be allocated to an organization that has submitted applications from more than one region, except that no more than $75,000 may be allocated to any grantee within a single region. For two or more organizations who have submitted a joint application, that limit is $75,000 for each organization. This subdivision does not affect any procedure established in rule for allocating special project money to the different regions. The commissioner shall revise the rules for family planning special project grants so that they conform to the requirements of this subdivision. In adopting these revisions, the commissioner is not subject to the rulemaking provisions of chapter 14, but is bound by section 14.38, subdivision 7.

Sec. 26. Minnesota Statutes 1990, section 148B.01, subdivision 7, is amended to read:

Subd. 7. [~~REGULATED INDIVIDUAL~~ LICENSEE.] "~~Regulated individual~~ Licensee" 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. 27. Minnesota Statutes 1990, section 148B.03, is amended to read:

148B.03 [APPLICABILITY.]

Sections 148B.04 to 148B.17 apply to ~~all of the social work and mental health boards~~ the board of social work and the board of marriage and family therapy, and the ~~regulated individuals~~ licensees within their respective jurisdictions, unless superseded by an inconsistent law that relates specifically to a particular board.

Sec. 28. Minnesota Statutes 1990, section 148B.04, subdivision 4, is amended to read:

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 148B.02~~.

Sec. 29. Minnesota Statutes 1990, section 148B.05, subdivision 1, is amended to read:

Subdivision 1. [ADVERSE ACTION BY A BOARD.] A suspension, revocation, condition, limitation, qualification, or restriction of ~~a regulated~~ an 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~~ licensee is appointed by order of a probate court pursuant to sections 525.54 to 525.61, for reasons other than the minority of the ~~individual~~ licensee, or (2) the ~~individual~~ licensee 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~~ licensee is restored to capacity by a court and, upon petition by the ~~individual~~ licensee, 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.

Sec. 30. Minnesota Statutes 1990, section 148B.06, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATE REQUIRED.] A board may not issue or renew a ~~filing~~ license if the commissioner of revenue notifies the board and the ~~regulated individual~~ licensee or applicant for a license ~~or filing~~ that the ~~individual~~ licensee 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~~ licensee or applicant forwards a copy of the clearance to the board. The commissioner of revenue may issue a clearance certificate only if the ~~individual~~ licensee 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~~ licensee or applicant has entered into a payment agreement to pay the liability and is current with the payments.

Sec. 31. Minnesota Statutes 1990, section 148B.06, subdivision 3, is amended to read:

Subd. 3. [INFORMATION REQUIRED.] The boards shall require all ~~regulated individuals~~ licensees 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 of social work and the board of marriage and family therapy must provide to the commissioner of revenue a list of all ~~regulated individuals~~ licensees 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~~ licensees and applicants no more than once each calendar year.

Sec. 32. Minnesota Statutes 1990, section 148B.07, subdivision 1, is amended to read:

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~~ unlicensed practice under this chapter may report the violation to the appropriate board.

Sec. 33. Minnesota Statutes 1990, 148B.07, subdivision 3, is amended to read:

Subd. 3. [PROFESSIONAL SOCIETIES.] A state or local professional society for ~~regulated individuals~~ licensees 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~~ licensee. 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.

Sec. 34. Minnesota Statutes 1990, section 148B.07, subdivision 4, is amended to read:

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~~ licensee, including conduct indicating that the ~~individual~~ licensee 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~~ licensee, 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.

Sec. 35. Minnesota Statutes 1990, section 148B.07, subdivision 7, is amended to read:

Subd. 7. [SELF-REPORTING.] A ~~regulated individual~~ licensee shall report to the appropriate board or to the office of mental health practice 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.

Sec. 36. Minnesota Statutes 1990, section 148B.07, subdivision 8, is amended to read:

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 and the office of mental health practice 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. 37. Minnesota Statutes 1990, 148B.07, subdivision 9, is amended to read:

Subd. 9. [SUBPOENAS.] The boards and the office of mental health practice may issue subpoenas for the production of any reports required by subdivisions 2 to 7 or any related documents.

Sec. 38. Minnesota Statutes 1990, section 148B.08, is amended to read:

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 148B.07 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~~,~~ and marriage and family therapy~~,~~ ~~and unlicensed mental health professionals,~~ and persons employed by the ~~office~~ boards 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. 39. Minnesota Statutes 1990, section 148B.12, is amended to read:

148B.12 [MALPRACTICE HISTORY.]

Subdivision 1. [SUBMISSION.] ~~Regulated individuals~~ Licensees or applicants for licensure 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~~ licensee or applicant; and

(2) number, date, and disposition of any civil litigations or arbitrations relating to the quality of services provided by the ~~regulated individual~~ licensee or applicant in which the party complaining against the ~~individual~~ licensee or applicant 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~~ licensee or applicant for licensure who willfully submits incorrect information is subject to disciplinary action under this chapter.

Sec. 40. Minnesota Statutes 1990, section 148B.17, is amended to read:

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 accounts in the special revenue fund.

Sec. 41. [148B.175] [COMPLAINTS; INVESTIGATION AND HEARING.]

Subdivision 1. [FORMS OF DISCIPLINARY ACTION.] When grounds for disciplinary action exist under section 214.10, or statute or rule enforced by the board, it may take one or more of the following disciplinary actions:

(1) deny the right to practice;

(2) revoke the right to practice;

(3) suspend the right to practice;

(4) impose limitations on the practice of the licensee;

(5) impose conditions on the practice of the licensee;

(6) 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 licensee of any economic advantage gained by reason of the violation charged, or to discourage repeated violations;

(7) impose a fee to reimburse the board for all or part of the cost of the proceedings resulting in disciplinary action including, but not limited to, the amount paid by the board for services from the office of administrative hearings, attorney fees, court reporters, witnesses, reproduction of records, board members' per diem compensation, board staff time, and expense incurred by board members and staff;

(8) censure or reprimand the licensee; or

(9) take any other action justified by the facts of the case.

Subd. 2. [TEMPORARY SUSPENSION.] In addition to any other remedy provided by law, the board may, acting through its designated board member and without a hearing, temporarily suspend the right of a licensee to practice if the board member finds that the licensee has violated a statute or rule that the board is empowered to enforce and that continued practice by the licensee would create a serious risk of harm to others. The suspension is in effect upon service of a written order on the licensee specifying the statute or rule violated. The order remains in effect until the board issues a final order in the matter after a hearing or upon agreement between the board and the licensee. Service of the order is effective if the order is served on the licensee or counsel of record personally or by first class mail to the most recent address provided to the board for

the licensee or the counsel of record. Within ten days of service of the order, the board shall hold a hearing before its own members on the sole issue of whether there is a reasonable basis to continue, modify, or lift the suspension. Evidence presented by the board or licensee shall be in affidavit form only. The licensee or the counsel of record may appear for oral argument. Within five working days after the hearing, the board shall issue its order and, if the suspension is continued, schedule a contested case hearing within 45 days after issuance of the order. The administrative law judge shall issue a report within 30 days after closing of the contested case hearing record. The board shall issue a final order within 30 days after receipt of that report.

Subd. 3. [AUTOMATIC SUSPENSION.] The right to practice is automatically suspended if (1) a guardian of a licensee is appointed by order of a probate court under sections 525.54 to 525.61, or (2) the licensee is committed by order of a probate court pursuant to chapter 253B or sections 526.09 to 526.11. The *right to practice* 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 or upon agreement between the board and the licensee.

Sec. 42. Minnesota Statutes 1990, section 148B.18, subdivision 10, is amended to read:

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 148B.21, 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; or a marriage and family therapist who is licensed under sections *148B.29 to* 148B.39.

Sec. 43. Minnesota Statutes 1990, section 148B.33, subdivision 1, is amended to read:

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~~ therapy 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~~ therapy; 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~~ therapist 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.

Sec. 44. Minnesota Statutes 1990, section 148B.38, subdivision 3, is amended to read:

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 under this subdivision.

Sec. 45. [148B.421] [FILING FEES NONREFUNDABLE.]

Filing fees paid to the board of unlicensed mental health service providers by unlicensed mental health service providers prior to June 30, 1991, are nonrefundable. Any balance held by the board of unlicensed mental health service providers as of June 30, 1991, shall be transferred to the department of health for the operation of the office of mental health practice no later than June 30, 1991.

Sec. 46. [148B.60] [DEFINITIONS.]

Subdivision 1. [TERMS.] As used in sections 148B.60 to 148B.71, the following terms have the meanings given them in this section.

Subd. 2. [OFFICE OF MENTAL HEALTH PRACTICE OR OF-

FICE.] "Office of mental health practice" or "office" means the office of mental health practice established in section 148B.61.

Subd. 3. [UNLICENSED MENTAL HEALTH PRACTITIONER OR PRACTITIONER.] "Unlicensed mental health practitioner" or "practitioner" means a person who provides or purports to provide, for 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; the board of psychology under sections 148.88 to 148.98; the board of social work under sections 148B.18 to 148B.28; the board of marriage and family therapy under sections 148B.29 to 148B.39; or another licensing board if the person is practicing within the scope of the license; or members of the clergy who are providing pastoral services in the context of performing and fulfilling the salaried duties and obligations required of a member of the clergy by a religious congregation. For the purposes of complaint investigation, the term includes hospital and nursing home social workers exempt from licensure by the board of social work under section 148B.28, subdivision 6, including hospital and nursing home social workers acting within the scope of their employment by the hospital or nursing home; persons employed by a program licensed by the commissioner of human services who are acting as mental health practitioners within the scope of their employment; persons employed by a program licensed by the commissioner of human services who are providing chemical dependency counseling services; persons who are providing chemical dependency counseling services in private practice; and clergy who are providing mental health services that are equivalent to those defined in subdivision 4.

Subd. 4. [MENTAL HEALTH SERVICES.] "Mental health services" means psychotherapy and the professional assessment, treatment, or counseling of another person for a cognitive, behavioral, emotional, social, or mental condition, symptom, or dysfunction, including intrapersonal or interpersonal dysfunctions. The term does not include pastoral services provided by members of the clergy to members of a religious congregation in the context of performing and fulfilling the salaried duties and obligations required of a member of the clergy by that religious congregation.

Subd. 5. [MENTAL HEALTH CLIENT OR CLIENT.] "Mental health client" or "client" means a person who receives or pays for the services of a mental health practitioner.

Subd. 6. [MENTAL HEALTH PRACTITIONER ADVISORY COUNCIL OR COUNCIL.] "Mental health practitioner advisory council" or "council" means the mental health practitioner advisory council established in section 148B.62.

Subd. 7. [COMMISSIONER.] "Commissioner" means the commissioner of health or the commissioner's designee.

Subd. 8. [DISCIPLINARY ACTION.] "Disciplinary action" means an adverse action taken by the commissioner against an unlicensed mental health practitioner relating to the person's right to provide mental health services.

Sec. 47. [148B.61] [OFFICE OF MENTAL HEALTH PRACTICE.]

Subdivision 1. [CREATION.] The office of mental health practice is created in the department of health to investigate complaints and take and enforce disciplinary actions against all unlicensed mental health practitioners for violations of prohibited conduct, as defined in section 148B.68. The office shall also serve as a clearinghouse on mental health services and both licensed and unlicensed mental health professionals, through the dissemination of objective information to consumers and through the development and performance of public education activities, including outreach, regarding the provision of mental health services and both licensed and unlicensed mental health professionals who provide these services.

Subd. 2. [RULEMAKING.] The commissioner of health shall adopt rules necessary to implement, administer, or enforce provisions of sections 148B.60 to 148B.71 pursuant to chapter 14. The commissioner may not adopt rules that restrict or prohibit persons from providing mental health services on the basis of education, training, experience, or supervision. The commissioner may consult with the mental health practitioner advisory council, established in section 148B.62, during the rulemaking process. Rules adopted pursuant to this authority are exempt from section 14.115.

Subd. 3. [EMERGENCY RULES.] The commissioner may adopt emergency rules under sections 14.29 to 14.385 to carry out the provisions of sections 148B.60 to 148B.71.

Sec. 48. [148B.62] [MENTAL HEALTH PRACTITIONER ADVISORY COUNCIL.]

Subdivision 1. [CREATION.] The mental health practitioner advisory council is created to serve in an advisory capacity to the commissioner of health and staff of the office of mental health practice in the development of rules and procedures necessary to enforce sections 148B.60 to 148B.71 and in the enforcement of section 148B.68 on prohibited conduct and sections 148B.69 and 148B.70 on disciplinary action and remedies for violations of prohibited conduct. The council shall also serve in an advisory capacity in the development of public education materials and activities, including outreach activities.

Subd. 2. [COMPOSITION.] The advisory council consists of seven members, including five individuals who are providing mental health services and two public members, as defined in section 214.02. The initial appointments of the first members of the council

must include at least four members who were members of the board of unlicensed mental health service providers on June 30, 1991.

Subd. 3. [APPOINTMENT.] Members of the advisory council are appointed by the commissioner of health and serve pursuant to requirements under section 15.059. Members are appointed to serve terms of four years.

Subd. 4. [COUNCIL ADMINISTRATION.] Members of the council 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.

Sec. 49. [148B.63] [REPORTING OBLIGATIONS.]

Subdivision 1. [PERMISSION TO REPORT.] A person who has knowledge of any conduct constituting grounds for disciplinary action relating to unlicensed practice under this chapter may report the violation to the office of mental health practice.

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 office of mental health practice 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 an unlicensed mental health 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 for conduct that might constitute grounds for disciplinary action by the office under this chapter. The institution, organization, or governmental entity shall also report the resignation of any unlicensed mental health practitioners prior to the conclusion of any disciplinary action proceeding for conduct that might constitute grounds for disciplinary action under this chapter, or prior to the commencement of formal charges but after the practitioner had knowledge that formal charges were contemplated or were being prepared.

Subd. 3. [PROFESSIONAL SOCIETIES.] A state or local professional society for unlicensed mental health practitioners shall report to the office of mental health practice any termination, revocation, or suspension of membership or any other disciplinary action taken against an unlicensed practitioner. 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 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 office of mental health practice.

Subd. 4. [LICENSED PROFESSIONALS.] A licensed health professional shall report to the office of mental health practice personal

knowledge of any conduct that the licensed health professional reasonably believes constitutes grounds for disciplinary action under this chapter by any unlicensed mental health practitioner, 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 an unlicensed mental health practitioner, and the treating individual successfully counsels the other practitioner to limit or withdraw from practice to the extent required by the impairment, the office may deem this limitation of or withdrawal from practice to be sufficient disciplinary action.

Subd. 5. [INSURERS.] Four times each year as prescribed by the commissioner, each insurer authorized to sell insurance described in section 60A.06, subdivision 1, clause (13), and providing professional liability insurance to unlicensed mental health practitioners or the medical joint underwriting association under chapter 62F, shall submit to the office of mental health practice a report concerning the unlicensed mental health practitioners against whom malpractice settlements or awards have been made. The response must contain at least the following information:

(1) the total number of malpractice settlements or awards made;

(2) the date the malpractice settlements or awards were made;

(3) the allegations contained in the claim or complaint leading to the settlements or awards made;

(4) the dollar amount of each malpractice settlement or award;

(5) the regular address of the practice of the unlicensed practitioner against whom an award was made or with whom a settlement was made; and

(6) the name of the unlicensed practitioner against whom an award was made or with whom a settlement was made.

The insurance company shall, in addition to the above information, submit to the office of mental health practice any information, records, and files, including clients' charts and records, it possesses that tend to substantiate a charge that an unlicensed mental health practitioner may have engaged in conduct violating this chapter.

Subd. 6. [SELF-REPORTING.] An unlicensed mental health practitioner shall report to the office of mental health practice any personal action that would require that a report be filed with the office by any person, health care facility, business, or organization pursuant to subdivisions 2 to 5. The practitioner shall also report

the 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 and also report the filing of charges regarding the practitioner's license, certificate, registration, or right of practice in another state or jurisdiction.

Subd. 7. [DEADLINES; FORMS.] Reports required by subdivisions 2 to 4, 5, and 6 must be submitted not later than 30 days after the reporter learns of the occurrence of the reportable event or transaction. The office of mental health practice 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. 50. [148B.64] [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 office of mental health practice, for otherwise reporting to the office violations or alleged violations of this chapter, or for cooperating with an investigation of a report, except as provided in this subdivision. The report or statement or any statement made in cooperation with an investigation or as part of a disciplinary proceeding is privileged except in an action brought under this subdivision.

Subd. 2. [INVESTIGATION.] The commissioner and employees of the department of health, members of the advisory council on mental health practice, and other persons engaged in the investigation of violations and in the preparation, presentation, and management of and testimony pertaining to charges of violations of this chapter are absolutely 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. 51. [148B.65] [DISCIPLINARY RECORD ON JUDICIAL REVIEW.]

Upon judicial review of any disciplinary action taken by the commissioner under this chapter, the reviewing court shall seal the administrative record, except for the commissioner's final decision, and shall not make the administrative record available to the public.

Sec. 52. [148B.66] [PROFESSIONAL COOPERATION.]

Subdivision 1. [COOPERATION.] An unlicensed mental health practitioner who is the subject of an investigation, or who is

questioned in connection with an investigation, by or on behalf of the office of mental health practice shall cooperate fully with the investigation. Cooperation includes responding fully and promptly to any question raised by or on behalf of the office relating to the subject of the investigation and providing copies of client records, as reasonably requested by the office, to assist the office in its investigation, and appearing at conferences or hearings scheduled by the commissioner. If the office does not have a written consent from a client permitting access to the client's records, the unlicensed mental health practitioner shall delete any data in the record that identifies the client before providing it to the board. The office shall maintain any records obtained pursuant to this section as investigative data pursuant to section 13.41. If an unlicensed mental health practitioner refuses to give testimony or produce any documents, books, records, or correspondence on the basis of the fifth amendment to the Constitution of the United States, the commissioner may compel the unlicensed mental health practitioner to provide the testimony or information; however, the testimony or evidence may not be used against the practitioner in any criminal proceeding. Challenges to requests of the office may be brought before the appropriate agency or court.

Subd. 2. [TRANSFER OF DATA AND RECORDS.] All data and records obtained by the board of unlicensed mental health service providers, pursuant to section 148B.09, subdivision 1, as investigative data pursuant to chapter 13 shall be transferred to the office of mental health practice no later than June 30, 1991. All other data gathered by the board of unlicensed mental health service providers shall also be transferred no later than June 30, 1991.

Sec. 53. [148B.67] [PROFESSIONAL ACCOUNTABILITY.]

The office of mental health practice shall maintain and keep current a file containing the reports and complaints filed against unlicensed mental health practitioners within the commissioner's jurisdiction. Each complaint filed with the office must be investigated. If the files maintained by the office show that a malpractice settlement or award has been made against an unlicensed mental health practitioner, as reported by insurers under section 148B.63, subdivision 5, the commissioner may authorize a review of the practitioner's practice by the staff of the office of mental health practice.

Sec. 54. [148B.68] [PROHIBITED CONDUCT.]

Subdivision 1. [PROHIBITED CONDUCT.] The commissioner may impose disciplinary action as described in section 148B.69 against any unlicensed mental health practitioner. The following conduct is prohibited and is grounds for disciplinary action:

(a) Conviction of a crime, including a finding or verdict of guilt, an

admission of guilt, or a no contest plea, in any court in Minnesota or any other jurisdiction in the United States, 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 or gross misdemeanor 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 purposes of this chapter, a crime against a person means violations of the following: 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; 609.26, subdivision 1, clause (1) or (2); 609.265; 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) Failure to comply with the self-reporting requirements of section 148B.63, subdivision 6.

(d) Engaging in sexual contact with a client or former client as defined in section 148A.01, or engaging in contact that may be reasonably interpreted by a client as sexual, or engaging in any verbal behavior that is seductive or sexually demeaning to the patient, or engaging in sexual exploitation of a client or former client.

(e) Advertising that is false, fraudulent, deceptive, or misleading.

(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 self, 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.

(i) The habitual overindulgence in the use of or the dependence on intoxicating liquors.

(j) Improper or unauthorized personal or other use of any legend drugs as defined in chapter 151, any chemicals as defined in chapter 151, or any controlled substance as defined in chapter 152.

(k) Revealing a communication from, or relating to, a client except when otherwise required or permitted by law.

(l) Failure to comply with a client's request made under section 144.335, or to furnish a client record or report required by law.

(m) 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.

(n) Engaging in abusive or fraudulent billing practices, including violations of the federal Medicare and Medicaid laws or state medical assistance laws.

(o) Failure to make reports as required by section 148B.63, or cooperate with an investigation of the office.

(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 professional would be impaired.

(r) 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.

(s) Violating any order issued by the commissioner.

(t) Failure to comply with sections 148B.60 to 148B.71, and the rules adopted under those sections.

(u) Failure to comply with any additional disciplinary grounds established by the commissioner by rule.

Subd. 2. [EVIDENCE.] In disciplinary actions alleging a violation of subdivision 1, paragraph (a), (b), (c), or (g), 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. [EXAMINATION; ACCESS TO MEDICAL DATA.] (a) If the commissioner has probable cause to believe that an unlicensed mental health practitioner has engaged in conduct prohibited by subdivision 1, paragraph (g), (h), (i), or (j), the commissioner may issue an order directing the practitioner to submit to a mental or physical examination or chemical dependency evaluation. For the purpose of this subdivision, every unlicensed mental health practitioner is deemed to have consented to submit to a mental or physical

examination or chemical dependency evaluation when ordered to do so in writing by the commissioner of health and further to have waived all objections to the admissibility of the testimony or examination reports of the health care provider performing the examination or evaluation on the grounds that the same constitute a privileged communication. Failure of an unlicensed mental health practitioner to submit to an examination or evaluation when ordered, unless the failure was due to circumstances beyond the practitioner's control, constitutes an admission that the unlicensed mental health practitioner violated subdivision 1, paragraph (g), (h), (i), or (j), based on the factual specifications in the examination or evaluation order and may result in a default and final disciplinary order being entered after a contested case hearing. An unlicensed mental health 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 commissioner shall be used against a mental health practitioner in any other proceeding.

(b) In addition to ordering a physical or mental examination or chemical dependency evaluation, the commissioner may, notwithstanding section 13.42, 144.651, 595.02, or any other law limiting access to medical or other health data, obtain medical data and health records relating to an unlicensed mental health practitioner without the practitioner's consent if the commissioner has probable cause to believe that a practitioner has engaged in conduct prohibited by subdivision 1, paragraph (g), (h), (i), or (j). 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 commissioner under this subdivision and is not liable in any action for damages for releasing the data requested by the commissioner 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 section 13.41.

Sec. 55. [148B.69] [DISCIPLINARY ACTIONS.]

Subdivision 1. [FORMS OF DISCIPLINARY ACTION.] When the commissioner finds that an unlicensed mental health practitioner has violated a provision or provisions of this chapter, the commissioner may take one or more of the following actions, only against the individual practitioner:

(1) revoke the right to practice;

(2) suspend the right to practice;

(3) 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;

(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 practitioner of any economic advantage gained by reason of the violation charged or to reimburse the office of mental health practice for all costs of the investigation and proceeding;

(5) order the practitioner to provide unremunerated professional service under supervision at a designated public hospital, clinic, or other health care institution;

(6) censure or reprimand the practitioner;

(7) impose a fee on the practitioner to reimburse the office for all or part of the cost of the proceedings resulting in disciplinary action including, but not limited to, the amount paid by the office for services from the office of administrative hearings, attorney fees, court reports, witnesses, reproduction of records, advisory council members' per diem compensation, staff time, and expense incurred by advisory council members and staff of the office of mental health practice; or

(8) any other action justified by the case.

Subd. 2. [REINSTATEMENT.] The commissioner may at the commissioner's discretion reinstate the right to practice and may impose any disciplinary measure listed under subdivision 1.

Subd. 3. [TEMPORARY SUSPENSION.] In addition to any other remedy provided by law, the commissioner may, acting through a person to whom the commissioner has delegated this authority and without a hearing, temporarily suspend the right of an unlicensed mental health practitioner to practice if the commissioner's delegate finds that the practitioner has violated a statute or rule that the commissioner is empowered to enforce and continued practice by the practitioner would create a serious risk of harm to others. The suspension is in effect upon service of a written order on the practitioner specifying the statute or rule violated. The order remains in effect until the commissioner issues a final order in the matter after a hearing or upon agreement between the commissioner and the practitioner. Service of the order is effective if the order is served on the practitioner or counsel of record personally or by first class mail. Within ten days of service of the order, the commissioner shall hold a hearing on the sole issue of whether there is a reasonable basis to continue, modify, or lift the suspension.

Evidence presented by the office or practitioner shall be in affidavit form only. The practitioner or the counsel of record may appear for oral argument. Within five working days after the hearing, the commissioner shall issue the commissioner's order and, if the suspension is continued, schedule a contested case hearing within 45 days after issuance of the order. The administrative law judge shall issue a report within 30 days after closing of the contested case hearing record. The commissioner shall issue a final order within 30 days after receipt of that report.

Subd. 4. [AUTOMATIC SUSPENSION.] The right to practice is automatically suspended if (1) a guardian of an unlicensed mental health practitioner is appointed by order of a probate court under sections 525.54 to 525.61, or (2) the practitioner is committed by order of a probate court pursuant to chapter 253B or sections 526.09 to 526.11. The right to practice remains suspended until the practitioner is restored to capacity by a court and, upon petition by the practitioner, the suspension is terminated by the commissioner after a hearing or upon agreement between the commissioner and the practitioner.

Subd. 5. [PUBLIC EMPLOYEES.] Notwithstanding subdivision 1, the commissioner must not take disciplinary action against an employee of the state or a political subdivision of the state. If, after an investigation conducted in compliance with and with the authority granted under sections 148B.60 to 148B.71, the commissioner determines that the employee violated a provision or provisions of this chapter, the commissioner shall report to the employee's employer the commissioner's findings and the actions the commissioner recommends that the employer take. The commissioner's recommendations are not binding on the employer.

Sec. 56. [148B.70] [MENTAL HEALTH CLIENT BILL OF RIGHTS.]

Subdivision 1. [SCOPE.] All unlicensed mental health practitioners other than those providing services in a facility regulated under section 144.651 or a government agency 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 practitioner. 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 practitioner;

(b) the degrees, training, experience, or other qualifications of the practitioner, followed by the following statement in bold print:

"THE STATE OF MINNESOTA HAS NOT ADOPTED UNIFORM EDUCATIONAL AND TRAINING STANDARDS FOR ALL MENTAL HEALTH PRACTITIONERS. THIS STATEMENT OF CREDENTIALS IS FOR INFORMATION PURPOSES ONLY."

(c) the name, business address, and telephone number of the 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 office of mental health practice and notice that a client may file complaints with the office;

(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 practitioner 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 practitioner in treating patients;

(i) notice that the client has a right to complete and current information concerning the practitioner'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 practitioner;

(k) a statement that client records and transactions with the practitioner 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 practitioners, and to change practitioners 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; and

(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. 57. [148B.71] [EXPENSES.]

The expenses required by the office of mental health practice for sections 148B.60 to 148B.71 shall be funded through a percentage of the indirect costs charged to each and every health-related licensing board, the formula to be determined by the commissioner of health.

Sec. 58. Minnesota Statutes 1990, section 157.031, subdivision 2, is amended to read:

Subd. 2. [REGISTRATION.] A board and lodging establishment that provides supportive services or health supervision services must register with the commissioner by September 1, 1989. The registration must include the name, address, and telephone number of the establishment, the types of services that are being provided, a description of the residents being served, the type and qualifications of staff in the facility, and other information that is necessary to identify the needs of the residents and the types of services that are being provided. The commissioner shall develop and furnish to the board and lodging establishment the necessary form for submitting the registration. The requirement for registration is effective until the ~~special license~~ rules required by ~~subdivision 5~~ sections 144B.01 to 144B.17 are effective.

Sec. 59. Minnesota Statutes 1990, section 157.031, subdivision 3, is amended to read:

Subd. 3. [RESTRICTION ON THE PROVISION OF SERVICES.] Effective September 1, 1989, and until one year after the rules required under ~~subdivision 5~~ sections 144B.01 to 144B.17 are adopted, a board and lodging establishment registered under subdivision 2 may provide health supervision services only if a licensed

nurse is on site in the facility for at least four hours a week to provide supervision and health monitoring of the residents. A board and lodging facility that admits or retains residents using wheelchairs or walkers must have the necessary clearances from the office of the state fire marshal.

Sec. 60. Minnesota Statutes 1990, section 157.031, subdivision 4, is amended to read:

Subd. 4. [~~SPECIAL LICENSE~~ RESIDENTIAL CARE HOME LICENSE REQUIRED.] Upon adoption of the rules required by ~~subdivision 5~~ sections 144B.01 to 144B.17, a board and lodging establishment registered under subdivision 2, that provides either supportive care or health supervision services must obtain a ~~special~~ residential care home license from the commissioner within one year from the adoption of those rules. ~~The special license is required until rules resulting from the recommendations made in accordance with Laws 1989, chapter 282, article 2, section 213, are implemented.~~

Sec. 61. Minnesota Statutes 1990, section 157.031, subdivision 9, is amended to read:

Subd. 9. [VIOLATIONS.] The commissioner may revoke ~~both the special service license, when issued, and~~ the establishment license, if the establishment is found to be in violation of this section. Violation of this section is a gross misdemeanor.

Sec. 62. Minnesota Statutes 1990, section 214.04, subdivision 3, is amended to read:

Subd. 3. The executive director of each health-related board and the executive secretary of each non-health-related board shall be the chief administrative officer for the board but shall not be a member of the board. The executive director or 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 directors, executive secretaries, and other employees of the following boards shall be hired by the board, and the executive directors or 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;

(11) peace officer standards and training;

(12) social work; and

(13) marriage and family therapy;

~~(14) unlicensed mental health service providers; and~~

~~(15) office of social work and mental health boards~~.

The executive directors or executive secretaries serving the boards are hired by those boards and are in the unclassified civil service, except for part-time executive directors or executive secretaries, who are not required to be in the unclassified service. Boards not requiring full-time executive directors or executive secretaries may employ them on a part-time basis. To the extent practicable, the sharing of part-time executive directors or 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 directors or executive secretaries of the boards and employees of the attorney general, are classified civil service employees of the department servicing the board. To the extent practicable, the commissioner shall ensure 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. 63. Minnesota Statutes 1990, section 256I.04, is amended by adding a subdivision to read:

Subd. 3. [MORATORIUM ON THE DEVELOPMENT OF NEGOTIATED RATE BEDS.] County agencies shall not enter into agreements for new general assistance or Minnesota supplemental aid negotiated rate beds except: (1) for adult foster homes licensed by the commissioner of human services under Minnesota Rules, parts 9555.5105 to 9555.6265, or facilities licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the foster home or

facility is needed to meet the census reduction targets for persons with mental retardation or related conditions at regional treatment centers; (2) to ensure compliance with the federal Omnibus Budget Reconciliation Act alternative disposition plan requirements for inappropriately placed persons with mental retardation or related conditions or mental illness; or (3) to allow up to eight additional general assistance or Minnesota supplemental aid negotiated rate facility beds for adult foster homes licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, provided the beds serve persons with developmental disabilities and are located in Todd county. Agreements for new beds are subject to the approval of the commissioner. This moratorium expires January 1, 1992.

Sec. 64. [TRANSFER OF JURISDICTION FOR DISCIPLINARY ACTIONS TAKEN AGAINST UNLICENSED MENTAL HEALTH PRACTITIONERS.]

During the transition period prior to the sunset of the board of unlicensed mental health service providers on June 30, 1991, and the establishment of the office of mental health practice on July 1, 1991, members of the board and staff persons employed by the board and the office of social work and mental health boards shall provide all necessary assistance to the office of the attorney general to complete as many investigations and disciplinary actions on pending complaints as possible prior to the sunset of the board. Such action shall be undertaken to ensure that complaints and investigations against unlicensed mental health practitioners pending before the board continue to receive attention during the transition period prior to the sunset of the board on June 30, 1991, and the establishment of the office of mental health practice on July 1, 1991. As of July 1, 1991, jurisdiction of all open complaints still pending before the board as of June 30, 1991, shall transfer to the commissioner of health who shall have the right to proceed on them under the authority granted to the commissioner in Minnesota Statutes, sections 148B.60 to 148B.71.

Jurisdiction for all new complaints brought against unlicensed mental health practitioners on or after July 1, 1991, will rest with the office of mental health practice, established under Minnesota Statutes, section 148B.61. Prior to July 1, 1991, board members and staff employed by the board of unlicensed mental health service providers and the office of social work and mental health shall consult with and offer all necessary assistance to the department of health in transferring pending complaints to the office of mental health practice and in implementing all other aspects of Minnesota Statutes, sections 148B.60 to 148B.71. The transfer of records, pending complaints, and other data shall be completed no later than June 30, 1991.

Sec. 65. [REPORT TO THE LEGISLATURE.]

By February 1, 1992, the commissioner shall report to the legislature on the implementation of Minnesota Statutes, sections 144B.01 to 144B.16. This report must include a description of the provisions included in rules required under those sections and an estimate of the expected fiscal impact to the state of adopting those rules.

Sec. 66. [REVISOR INSTRUCTION.]

In the next edition of Minnesota Statutes, the revisor shall delete the terms "individual," "individuals," "regulated individual," "regulated individuals," and "regulated individual's" wherever found in Minnesota Statutes, sections 148B.04, subdivision 3; 148B.05, subdivision 2; 148B.06, subdivision 2; 148B.07, subdivisions 2, 3, 5, and 6; 148B.09; 148B.11; 148B.13; and 148B.15, and insert the term "licensee," "licensees," or "licensee's" as appropriate.

Sec. 67. [REPEALER.]

Subdivision 1. Minnesota Statutes 1990, section 157.031, subdivision 5, is repealed effective the day following final enactment.

Subd. 2. Minnesota Statutes 1990, sections 148B.01, subdivisions 2, 5, and 6; 148B.02; 148B.16; 148B.171; 148B.40; 148B.41; 148B.42; 148B.43; 148B.44; 148B.45; 148B.46; 148B.47; and 148B.48, are repealed effective July 1, 1991.

Sec. 68. [EFFECTIVE DATES.]

Subdivision 1. Sections 7 to 18, 20 to 23, 58 to 61, and 63 to 65 are effective the day after final enactment. Sections 5, 6, and 19 are effective upon the effective date of rules adopted by the commissioner of health for licensure of residential care homes.

Subd. 2. Sections 45; 52, subdivision 2; and 64 are effective the day following final enactment.

ARTICLE 3

MISCELLANEOUS SOCIAL SERVICES PROGRAMS

Section 1. Minnesota Statutes 1990, section 3.922, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION; EXPENSES; EXPIRATION.] Compensation of nonlegislator members is as provided in section 15.059. Expenses of the council shall be approved by two of any three members of the council designated by the council and then be paid in the same manner as other state expenses. The executive secretary shall inform the commissioner of finance in writing of the names of

the persons authorized to approve expenses. ~~The council expires on June 30, 1993.~~

Sec. 2. Minnesota Statutes 1990, section 3.922, subdivision 8, is amended to read:

Subd. 8. [ADVISORY COUNCIL.] An advisory council on urban Indians is created to advise the board on the unique problems and concerns of Minnesota Indians who reside in urban areas of the state. The council shall be appointed by the board and consist of five Indians residing in the vicinity of Minneapolis, St. Paul, and Duluth. At least one member of the council shall be a resident of each city. The terms, compensation, and removal of members are as provided in section 15.059. ~~The council expires on June 30, 1993.~~

Sec. 3. Minnesota Statutes 1990, section 3.9223, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] A state council on affairs of Spanish-speaking people is created to consist of seven members appointed by the governor. The demographic composition of the council members shall accurately reflect the demographic composition of Minnesota's Spanish-speaking community, including migrant workers, as determined by the state demographer. Membership, terms, removal of members and filling of vacancies are as provided in section 15.0575. Compensation of members is as provided in section 15.059, subdivision 3. The council shall annually elect from its membership a chair and other officers it deems necessary. ~~The council expires on June 30, 1993.~~

Sec. 4. Minnesota Statutes 1990, section 3.9225, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] A state council on Black Minnesotans is created to consist of seven members appointed by the governor. The members of the council shall be broadly representative of the Black community of the state and include at least three males and at least three females. Membership terms, compensation, removal of members, and filling of vacancies for nonlegislative members are as provided in section 15.059. Two members of the house of representatives appointed by the speaker and two members of the senate appointed by the subcommittee on committees of the committee on rules and administration shall serve as ex officio, nonvoting members of the council. The council shall annually elect from its membership a chair and other officers it deems necessary. ~~The council expires on June 30, 1993.~~

Sec. 5. Minnesota Statutes 1990, section 3.9226, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The state council on Asian-Pacific Minnesotans consists of 15 members. Eleven members are appointed by the governor and must be broadly representative of the Asian-Pacific community of the state. Terms, compensation, removal, and filling of vacancies for appointed members are as provided in section 15.059. Two members of the house of representatives appointed under the rules of the house of representatives and two members of the senate appointed under the rules of the senate shall serve as nonvoting members of the council. The council shall annually elect from its membership a chair and other officers it deems necessary. ~~The council expires on June 30, 1993.~~

Sec. 6. [16B.185] [PROCUREMENTS FROM REHABILITATION FACILITIES AND DAY TRAINING AND HABILITATION FACILITIES.]

Subdivision 1. [REHABILITATION FACILITY AND DAY TRAINING AND HABILITATION FACILITY PROCUREMENTS.] The commissioner shall, for each fiscal year, ensure that certified rehabilitation facilities, as defined in section 268A.01, subdivision 6, and licensed day training and habilitation facilities, as defined in section 252.41, subdivision 3, receive at least one-tenth of one percent of the value of anticipated procurement of products and services by the legislature and state agencies with 50 or more employees. The purpose of this section is to enhance employment opportunities for persons with severe disabilities, including persons with developmental disabilities, serious and persistent mental health disabilities, brain injuries, sensory impairments, and multiple physical disabilities.

Subd. 2. [STATE AGENCY DESIGNATION REQUIRED.] The legislature and every state agency with 50 or more employees shall, for each fiscal year, designate for awarding to certified rehabilitation facilities and licensed day training and habilitation facilities at least one-tenth of one percent of the value of anticipated procurements of that agency for products and services provided by such facilities as identified in the list required in subdivision 3.

Subd. 3. [LIST OF PRODUCTS AND SERVICES.] The commissioner in consultation with the commissioners of jobs and training and human services shall prepare and issue a list containing products and services of rehabilitation facilities and day training and habilitation facilities for procurement by state agencies according to subdivision 2.

Sec. 7. Minnesota Statutes 1990, section 43A.191, subdivision 2, is amended to read:

Subd. 2. [AGENCY AFFIRMATIVE ACTION PLANS.] (a) The head of each agency in the executive branch shall prepare and

implement an agency affirmative action plan consistent with this section and rules issued under section 43A.04, subdivision 3.

(b) The agency plan must include a plan for the provision of reasonable accommodation in the hiring and promotion of qualified disabled persons. The reasonable accommodation plan must consist of at least the following:

(1) procedures for compliance with section 363.03 and, where appropriate, regulations implementing United States Code, title 29, section 794, as amended through December 31, 1984, which is section 504 of the Rehabilitation Act of 1973, as amended;

(2) methods and procedures for providing reasonable accommodation for disabled job applicants, current employees, and employees seeking promotion; and

(3) provisions for funding reasonable accommodations.

(c) The agency plan must be prepared by the agency head with the assistance of the agency affirmative action officer and the director of equal employment opportunity. The council on disability shall provide assistance with the agency reasonable accommodation plan.

(d) For the legislature and state agencies with 50 or more employees, the agency plan must state that it has filled at least two supported employment positions as defined in section 268A.01, subdivision 13, with persons with severe disabilities.

(e) An agency affirmative action plan may not be implemented without the commissioner's approval.

Sec. 8. Minnesota Statutes 1990, section 120.183, is amended to read:

120.183 [INTERAGENCY OFFICE ON TRANSITION SERVICES.]

The commissioner of education shall establish an interagency office on transition services to:

(1) gather and coordinate data on transition services for secondary age handicapped pupils;

(2) provide information, consultation, and technical assistance to state and local agencies involved in the delivery of services to handicapped pupils in transition from secondary school programs to employment and post-secondary training programs;

(3) assist agencies in establishing local interagency agreements to assure the necessary services for efficient and appropriate transition from school to work or post-secondary training programs; ~~and~~

(4) assist regions and local areas in planning interagency in-service training to develop and improve transition services; and

(5) establish and manage the interagency school-to-work transition demonstration project according to section 120.591.

Sec. 9. Minnesota Statutes 1990, section 252.40, is amended to read:

252.40 [SERVICE PRINCIPLES AND RATE-SETTING PROCEDURES FOR DAY TRAINING AND HABILITATION SERVICES FOR ADULTS WITH MENTAL RETARDATION AND RELATED CONDITIONS.]

Sections 252.40 to 252.47 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 252.41.

Nothing in sections 252.40 to 252.47 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.

To maximize federal participation in the provision of equal access to employment opportunities to persons with severe disabilities, all persons who reside in intermediate care facilities for persons with mental retardation and related conditions and who are currently receiving extended employment program services shall have the opportunity to be served in day training and habilitation services.

Sec. 10. Minnesota Statutes 1990, 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. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to admin-

istering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017; and

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds.

(2) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(3) 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.

(4) 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.

(5) 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.

(6) 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.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) Act as designated 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 county 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 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. For the medical assistance and AFDC programs, disallowances 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 the AFDC and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions 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. 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 disal-

lowance 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~~ $1,000,000. When the balance in the account exceeds ~~$400,000~~ $1,000,000, 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.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children pursuant to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256D.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(17) Have the authority to establish and enforce the following county reporting requirements:

(a) The commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced.

(b) The county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner.

(c) If the required reports are not received by the deadlines established in clause (b), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received.

(d) A county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance.

(e) The final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period.

(f) The commissioner may not delay payments, withhold funds, or require repayment under paragraph (c) or (e) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under paragraph (c) or (e), the county board may appeal the action according to sections 14.57 to 14.69.

(g) Counties subject to withholding of funds under paragraph (c) or forfeiture or repayment of funds under paragraph (e) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under paragraph (c) or (e).

(18) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample for the foster care program under title IV-E of the Social Security Act, United States Code, title 42, in direct proportion to each county's title IV-E foster care maintenance claim for that period.

Sec. 11. Minnesota Statutes 1990, section 256.482, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; MEMBERS.] There is hereby established the council on disability which shall consist of 21 members appointed by the governor. Members shall be appointed from the general public and from organizations which provide services for persons who have a disability. A majority of council members shall be persons with a disability or parents or guardians of persons with a disability. There shall be at least one member of the council appointed from each of the state development regions. The commissioners of the departments of education, human services, health, jobs and training, and human rights and the directors of the division of rehabilitation services and state services for the blind or their designees shall serve as ex officio members of the council without vote. In addition, the council may appoint ex officio members from other bureaus, divisions, or sections of state departments which are directly concerned with the provision of services to persons with a disability.

Notwithstanding the provisions of section 15.059, each member of the council appointed by the governor shall serve a three-year term and until a successor is appointed and qualified. The compensation and removal of all members shall be as provided in section 15.059. The governor shall appoint a chair of the council from among the members appointed from the general public or who are persons with a disability or their parents or guardians. Vacancies shall be filled by the authority for the remainder of the unexpired term. ~~The council expires on June 30, 1993.~~

Sec. 12. [256.992] [DEPOSITS INTO THE GENERAL FUND.]

All money collected under section 256.994 shall be deposited in the general fund and is appropriated to the commissioner of human services for the purposes of section 256B.83.

Sec. 13. [256.994] [PAYMENTS TO COMMISSIONER.]

Subdivision 1. [NURSING FACILITY LICENSE SURCHARGE.] Effective July 1, 1991, each nursing facility subject to the reimbursement principles in Minnesota Rules, parts 9549.0010 to 9549.0080, shall pay to the commissioner an annual surcharge of $230 per bed licensed as of July 1 of that year, according to the schedule in subdivision 4.

Subd. 2. [HOSPITAL SURCHARGE.] Effective July 1, 1991, each hospital shall pay to the commissioner a monthly surcharge equal to 7.2 percent of medical assistance payments received for inpatient services according to the schedule in subdivision 4, excluding payments made under section 256B.83 and Medicare crossovers.

Subd. 3. [HEALTH PLAN SURCHARGE.] Each health plan under contract with the commissioner shall pay to the commissioner a monthly surcharge equal to the equivalent value of the surcharges

described in subdivision 2 for each medical assistance rate cell payment. These payments must be made according to the schedule in subdivision 4.

Subd. 4. [PAYMENT SCHEDULE; TRANSFER.] Payments to the commissioner under subdivisions 1 to 3 must be paid in monthly installments. The first payment is due September 15, 1991 subsequent payments due on the fifth of each succeeding month. The payment under subdivision 1 must be equal to the annual surcharge divided by 12. The payment under subdivisions 2 and 3 shall be the amount of medical assistance payments received by each provider in the month that is three months prior to the month in which the payment is due, multiplied by the percentage surcharge for each provider.

Subd. 5. [NOT ALLOWABLE COST.] Provider payments to the commissioner under this section are not an allowable cost for purposes of the medical assistance program.

Subd. 6. [NOTICE; APPEALS.] The commissioner shall give each provider at least 30 days advance written notice of each payment due. A provider may request a contested case hearing under chapter 14 within 30 days of receipt of the notice. Payment of the amount established under subdivision 4 must be made pending the appeal decision.

Subd. 7. [ENFORCEMENT.] The commissioner shall bring action in district court to collect provider payments due under subdivisions 1 to 4 that are more than 30 days in arrears.

Sec. 14. [256B.83] [EXPENDITURES.]

Subdivision 1. [PHYSICIAN REIMBURSEMENT.] The commissioner shall make payments for the additional cost of increasing payments for physician services rendered on or after July 1, 1992, to the following levels:

(a) Payments for office, outpatient, obstetrical, and preventive care state-specified health care common procedural coding system (HCPCS) codes and medication management provided to psychiatric patients must be calculated at the lower of (1) submitted charges, or (2) the median charges in 1989 minus 20 percent.

(b) Payments for critical care and hospital medical state-specified HCPCS codes must be calculated at the lower of (1) submitted charges, or (2) the median charges in 1989 minus 30 percent.

(c) Payments for all other services must be calculated at the lower of (1) the submitted charges or (2) the median charges in 1989 minus 40 percent.

Subd. 2. [NURSING FACILITY REIMBURSEMENT.] Effective October 1, 1991, the commissioner shall pay nursing facilities participating in the medical assistance program a capital allowance of $.66 per day per bed.

Subd. 3. [DENTISTS.] The commissioner shall make payments for the additional costs of reimbursing dentists for services rendered on or after July 1, 1992, at the lower of (1) submitted charges, or (2) the median charges in 1989 minus 20 percent.

Subd. 4. [HOSPITAL REIMBURSEMENT.] (a) Effective for inpatient services provided on or after July 1, 1991, the commissioner shall make indigent care payments to hospitals. These payments are in addition to all other payments made to hospitals. The indigent care payment is 7.2 percent of each hospital's inpatient medical assistance payments, excluding payments made under this section and Medicare crossovers.

Subd. 5. [HEALTH PLAN RATES.] Effective July 1, 1991, the commissioner shall increase the monthly medical assistance capitation rate cell established in contract by the amount necessary to accommodate the equivalent value of the reimbursement increase established under subdivision 4.

This subdivision is repealed, effective July 1, 1993.

Subd. 6. [ADMINISTRATIVE COST.] The commissioner may expend up to $600,000 for the administrative costs associated with this section and sections 256.992, 256.994, and 256B.84 to 256B.86.

Sec. 15. [256B.84] [CONTINGENT ON FEDERAL FINANCIAL PARTICIPATION.]

The commissioner shall implement and administer the provisions of sections 256.992, 256.994, and 256B.83 to 256B.86, only as long as federal financial participation under Title XIX of the Social Security Act is available for payments made under section 256B.82. In the event federal financial participation is denied: (1) the commissioner shall, effective immediately, discontinue collections from providers and eliminate payments to providers under section 256B.83; and (2) sections 18 to 23 shall become effective immediately.

Sec. 16. [256B.85] [NO REDUCTIONS WHILE FEES IN EFFECT.]

The commissioner shall not reduce the payments under section 256B.83 as long as the surcharges under section 256.994 remain in effect. The commissioner shall report to the legislature annually on January 15 regarding the amount of actual and anticipated surcharge collections and provider payments. The report shall include

recommendations for improving the operation of sections 256.992, 256.994, and 256B.83 to 256B.86 including any changes in surcharges or payments necessary to ensure that payments under section 256B.83 do not exceed collections under section 256.994.

Sec. 17. [256B.86] [IMPLEMENTATION; RULEMAKING.]

The commissioner shall implement sections 256.992, 256.994, and 256B.83 to 256B.85 on July 1, 1991, without complying with the rulemaking requirements of the administrative procedure act. The commissioner shall adopt permanent rules to implement sections 12 to 23 by June 30, 1993.

Sec. 18. [HOSPITAL COST INDEX; CONTINGENT BUDGET REDUCTIONS.]

Notwithstanding section 256.9695, subdivision 3, paragraph (c), the hospital cost index established in section 256.969, subdivision 1, shall not be effective under the general assistance medical care program for admissions occurring during the biennium ending June 30, 1993.

Sec. 19. [ADMISSION AFTER TRANSITION PERIOD; RATES; CONTINGENT BUDGET REDUCTIONS.]

For admissions occurring after the transition period specified in section 256.9695, subdivision 3, operating payment rates of each hospital shall be limited to the operating payment rates within its peer group so that the statewide operating payment level is reduced by 4.5 percent. For subsequent rate years, the limits shall be adjusted by the hospital cost index. The commissioner shall contract for the development of criteria for and the establishment of the peer groups. Peer groups must be established based on variables that affect medical assistance cost such as scope and intensity of services, acuity of patients, location, and capacity. Rates shall be standardized by the case mix index and adjusted, if applicable, for the variable outlier percentage. The peer groups may exclude and have separate limits or be standardized for operating cost differences that are not common to all hospitals in order to establish a minimum number of groups. The criteria and establishment of the peer groups is not subject to the requirements of chapter 14, the administrative procedures act.

Sec. 20. [TRANSPORTATION COSTS; CONTINGENT BUDGET REDUCTIONS.]

Medical assistance covers special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, item F, if the provider receives and maintains a current physician's order by the recipient's attending physician. The commissioner shall establish maximum

medical assistance reimbursement rates for special transportation services for persons who need a wheelchair lift van or stretcher-equipped vehicle and for those who do not need a wheelchair lift van or stretcher-equipped vehicle. The two rates must not exceed $17 for nonambulatory and $11 for ambulatory for the base rate and 60 cents per mile. Special transportation provided to nonambulatory persons who do not need a wheelchair lift van or stretcher-equipped vehicle, may be reimbursed at a lower rate than special transportation provided to persons who need a wheelchair lift van or stretcher-equipped vehicle.

Sec. 21. [NURSING HOME OPERATING COSTS AFTER JULY 1, 1991; CONTINGENT BUDGET REDUCTIONS.]

(a) [OTHER OPERATING COST LIMITS.] For the rate year beginning July 1, 1991, the commissioner, in conjunction with the rebasing for the reporting year September 30, 1990, shall establish the other operating cost limits in Minnesota Rules, part 9549.0055, subpart 2, item E, at 108 percent of the median of the array of allowable historical other operating cost per diems. The limits must be established according to Minnesota Statutes, section 256B.431, subdivision 2b, paragraph (d). For rate years beginning on or after July 1, 1992, the adjusted other operating cost limits must be indexed as in subdivision 2l.

(b) [CARE-RELATED OPERATING COST LIMITS.] For the rate year beginning July 1, 1991, the commissioner, in conjunction with the rebasing for the reporting year September 30, 1990, shall establish the care-related operating cost limits in Minnesota Rules, part 9549.0055, subpart 2, items A and B, at 122 percent of the median of the array of the allowable historical case mix operating cost standardized per diems and the allowable historical other care-related operating cost per diems. The limits must be established according to Minnesota Statutes, section 256B.431, subdivision 2b, paragraph (d). For rate years beginning on or after July 1, 1992, the adjusted care-related limits must be indexed as in subdivision 2l.

(c) [ADMINISTRATIVE COST LIMITS.] For rate years beginning on or after July 1, 1991, the cost limitation for costs in the general and administrative cost category in Minnesota Rules, part 9549.0055, subpart 2, item D, shall be modified as in clauses (1) to (4):

(1) the percentage limitation for nursing homes with 60 or fewer licensed beds shall be 14 percent;

(2) the percentage limitation for nursing homes with 61 to 100 licensed beds shall be 13 percent;

(3) the percentage limitation for nursing homes with 101 to 200 licensed beds shall be 12 percent; and

(4) the percentage limitation for nursing homes with more than 200 licensed beds shall be 11 percent.

(d) [EFFICIENCY INCENTIVE.] For rate years beginning on or after July 1, 1991, a nursing home's maximum efficiency incentive shall be $1.

Sec. 22. [PROPERTY COSTS FOR THE RATE YEAR BEGINNING JULY 1, 1991; CONTINGENT BUDGET REDUCTIONS.]

Notwithstanding Minnesota Rules, part 9549.0060, subpart 13, item H, the commissioner shall determine property-related payment rates for nursing homes for the rate year beginning July 1, 1991, as follows:

(a) Nursing homes shall be grouped according to the type of property-related payment rate the commissioner determined for the rate year beginning July 1, 1989. A nursing home whose property-related payment rate was determined under Minnesota Rules, part 9549.0060, subpart 13, item A (full rental reimbursement), shall be considered group A. A nursing home whose property-related payment rate was determined under Minnesota Rules, part 9549.0060, subpart 13, item B (phase-down to full rental reimbursement), shall be considered group B. A nursing home whose property-related payment rate was determined under Minnesota Rules, part 9549.0060, subpart 13, item C or D (phase-up to full rental reimbursement), shall be considered group C.

(b) For the rate year beginning July 1, 1991, the property-related payment rate for a group A nursing home shall be the lesser of the nursing home's property-related payment rate in effect on July 1, 1990; or the sum of 115 percent of the nursing home's allowable principal and interest expense, plus its equipment allowance multiplied by the resident days for the reporting year ending September 30, 1990, divided by the nursing home's capacity days as determined under Minnesota Rules, part 9549.0060, subpart 11, as modified by Minnesota Statutes, section 256B.431, subdivision 3f, paragraph (c); but not less than the lesser of $3.25 or the nursing home's July 1, 1990, property-related payment rate.

(c) For the rate year beginning July 1, 1991, a group B nursing home shall receive the greater of 90 percent of its property-related payment rate in effect on July 1, 1990; or the sum of 115 percent of the nursing home's allowable principal and interest expense, plus its equipment allowance multiplied by the resident days for the reporting year ending September 30, 1990, divided by the nursing home's capacity days as determined under Minnesota Rules, part 9549.0060, subpart 11, as modified by Minnesota Statutes, section

256B.431, subdivision 3f, paragraph (c); except that the nursing home's property-related payment rate must not exceed the property-related payment rate in effect on July 1, 1990.

(d) For the rate year beginning July 1, 1991, a group C nursing home shall receive the greater of 85 percent of its property-related payment rate in effect on July 1, 1990; or the sum of 115 percent of the nursing home's allowable principal and interest expense, plus its equipment allowance multiplied by the resident days for the reporting year ending September 30, 1990, divided by the nursing home's capacity days as determined under Minnesota Rules, part 9549.0060, subpart 11, as modified by Minnesota Statutes, section 256B.431, subdivision 3f, paragraph (c); except that the nursing home's property-related payment rate must not exceed the property-related payment rate in effect on July 1, 1990.

Sec. 23. [INFLATION ADJUSTMENT: HOME AND COMMUNITY-BASED WAIVERS.]

Notwithstanding Minnesota Statutes, section 256B.49 and any other law or rule to the contrary, the commissioner shall not provide annual inflation adjustments under medical assistance, for the biennium ending June 30, 1993, for home and community-based waivered services.

Sec. 24. Minnesota Statutes 1990, 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) ~~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)~~ (e) cooperate with responsible departments and administrative authorities to provide access for hearing impaired persons to services provided by state, county, and regional agencies.

Sec. 25. Minnesota Statutes 1990, section 256C.25, is amended to read:

256C.25 [INTERPRETER SERVICES.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of human services shall ~~supervise the development and implementation of a~~ maintain and coordinate statewide interpreter referral ~~service~~ services for use by any public or private agency or individual in the state. ~~The commissioner of human services shall~~ Within the seven-county metro area, the commissioner shall contract for these services; outside the metro area, the commissioner shall directly coordinate these services but may contract with an appropriate agency to provide this ~~centralized~~ service. The commissioner may collect a $3 fee per referral for interpreter referral services and the actual costs of interpreter services provided by department staff. Fees and payments collected shall be deposited in the general fund. The $3 referral fee shall not be collected from state agencies or local units of government or hearing-impaired consumers or interpreters.

Subd. 2. [DUTIES.] ~~The central~~ Interpreter referral ~~agency shall~~ services must include:

(a) ~~Establish and maintain a~~ statewide access to interpreter referral ~~service~~ services, ~~maintain statistics related to interpreter referral services, and maintain~~ coordinated with the regional service centers;

(b) maintenance of a statewide directory of qualified interpreters;

~~(b) Cooperate with the regional service centers in providing interpreter referral service; and~~

(c) ~~Cooperate~~ assessment of the present and projected supply and demand for interpreter services statewide; and

(d) coordination with the regional service centers on projects to train interpreters and advocate for and evaluate interpreter services.

Sec. 26. Minnesota Statutes 1990, section 256F.01, is amended to read:

256F.01 [PUBLIC POLICY.]

~~It is the policy of this~~ The public policy of this state is to assure that all children, regardless of minority racial or ethnic heritage, ~~are entitled to~~ live in families that offer a safe, permanent relationship with nurturing parents or caretakers ~~and have~~. To help assure children the opportunity to establish lifetime relationships. ~~To help assure this opportunity~~, public social services must be directed toward ~~accomplishment of the following purposes~~:

(1) preventing the unnecessary separation of children from their families by identifying family problems, assisting families in resolving their problems, and preventing breakup of the family if ~~the prevention of child removal~~ it is desirable and possible;

(2) restoring to their families children who have been removed, by continuing to provide services to the reunited child and the families;

(3) placing children in suitable adoptive homes, in cases where restoration to the biological family is not possible or appropriate; and

(4) assuring adequate care of children away from their homes, in cases where the child cannot be returned home or cannot be placed for adoption.

Sec. 27. Minnesota Statutes 1990, section 256F.02, is amended to read:

256F.02 [CITATION.]

Sections 256F.01 to 256F.07 may be cited as the "~~permanency planning grants to counties~~ Minnesota family preservation act."

Sec. 28. Minnesota Statutes 1990, section 256F.03, subdivision 5, is amended to read:

Subd. 5. [FAMILY-BASED SERVICES.] "Family-based services" means ~~intensive family-centered services to families primarily in their own home and for a limited time.~~ one or more of the services described in paragraphs (a) to (e) provided to families primarily in their own home for a limited time. Family-based services eligible for funding under the family preservation act are the services described in paragraphs (a) to (e).

(a) [CRISIS SERVICES.] "Crisis services" means professional services provided within 24 hours of referral to alleviate a family crisis and to offer an alternative to placing a child outside the family home. The services are intensive and time limited. The service may offer transition to other appropriate community-based services.

(b) [COUNSELING SERVICES.] "Counseling services" means professional family counseling provided to alleviate individual and family dysfunction; provide an alternative to placing a child outside the family home; or permit a child to return home. The duration, frequency, and intensity of the service is determined in the individual or family service plan.

(c) [LIFE MANAGEMENT SKILLS SERVICES.] "Life management skills services" means paraprofessional services that teach

family members skills in such areas as parenting, budgeting, home management, and communication. The goal is to strengthen family skills as an alternative to placing a child outside the family home or to permit a child to return home. A social worker shall coordinate these services within the family case plan.

(d) [CASE COORDINATION SERVICES.] "Case coordination services" means professional services provided to an individual, family, or caretaker as an alternative to placing a child outside the family home, to permit a child to return home, or to stabilize the long-term or permanent placement of a child. Coordinated services are provided directly, are arranged, or are monitored to meet the needs of a child and family. The duration, frequency, and intensity of services is determined in the individual or family service plan.

(e) [MENTAL HEALTH SERVICES.] "Mental health services" means the professional services defined in section 245.4871, subdivision 31.

Sec. 29. Minnesota Statutes 1990, section 256F.04, is amended to read:

256F.04 [DUTIES OF COMMISSIONER OF HUMAN SERVICES.]

Subdivision 1. [GRANT PROGRAM.] The commissioner shall establish a statewide ~~permanency planning~~ family preservation grant program to assist counties in providing placement prevention and family reunification services.

Subd. 2. [FORMS AND INSTRUCTIONS.] The commissioner shall provide necessary forms and instructions to the counties for their community social services plan, as required in section 256E.09, that incorporate the permanency plan format and information necessary to apply for a ~~permanency planning~~ family preservation grant. ~~For calendar year 1986, the local social services agency shall submit an amendment to their approved biennial community social services plan using the forms and instructions provided by the commissioner. Beginning January 1, 1986, the biennial community social services plan must include the permanency plan.~~

Subd. 3. [MONITORING.] The commissioner shall design and implement methods for monitoring the delivery and evaluating the effectiveness of placement prevention and family reunification services ~~including family based services within the state according to section 256E.05, subdivision 3, paragraph (c). An evaluation report describing program implementation, client outcomes, cost, and the effectiveness of those services in relation to measurable objectives and performance criteria to keep families unified and minimize the use of out-of-home placements for children must be prepared by the~~

~~commissioner for the period from January 1, 1986 through June 30, 1988~~. The commissioner shall monitor the provision of family-based services, conduct evaluations, and prepare and submit biannual reports to the legislature.

Subd. 4. [TRAINING.] The commissioner shall provide training on family-based services.

Sec. 30. Minnesota Statutes 1990, section 256F.05, is amended to read:

256F.05 [DISTRIBUTION OF GRANTS.]

Subd. 2. [MONEY AVAILABLE.] Money appropriated for ~~permanency planning~~ family preservation grants to counties, together with an amount as determined by the commissioner of title IV-B funds distributed to Minnesota according to the Social Security Act, United States Code, title 42, section 621, must be distributed to counties on a calendar year basis according to the formula in subdivision 3.

Subd. 2a. [DISTRIBUTION OF FUNDS.] At least 50 percent of any additional federal revenue resulting from revenue enhancement activities initiated after January 1, 1991, to increase title IV-E revenue to Minnesota counties and Indian child welfare grants, under the Social Security Act, United States Code, title 42, section 674, shall be reimbursed to the counties based on title IV-E earnings for family preservation services under this chapter; for services under section 257.075; or for the Minnesota Indian child welfare grants under section 257.3571.

Subd. 3. [FORMULA.] The amount of money ~~distributed~~ allocated to counties under subdivision 2 must be based on the following two factors:

(1) the population of the county under age 19 years as compared to the state as a whole as determined by the most recent data from the state demographer's office; and

(2) the county's percentage share of the number of minority children in substitute care as determined by the most recent department of human services annual report on children in foster care.

The amount of money allocated according to formula factor (1) must not be less than 90 percent of the total ~~distributed~~ allocated under subdivision 2.

Subd. 4. [PAYMENTS.] The commissioner shall make grant payments to each county whose biennial community social services

plan includes a permanency plan under section 256F.04, subdivision 2. The payment must be made in four installments per year. The commissioner may certify the payments for the first three months of a calendar year. Subsequent payments must be made on ~~April 30~~ May 15, ~~July 30~~ August 15, and ~~October 30~~ November 15, of each calendar year. When an amount of title IV-B funds as determined by the commissioner is made available, it shall be reimbursed to counties on ~~October 30~~ November 15.

Subd. 4a. [SPECIAL INCENTIVE BONUS FOR EARLY INTERVENTION SERVICES.] In addition to the funds which are provided to counties under subdivision 2 and distributed according to the formula in subdivision 3, the commissioner shall, within the limit of available appropriations, and as part of each quarterly payment made under subdivision 4, provide an incentive bonus payment to counties as provided in this subdivision. If a county, in expending funds received under this section during a given calendar year, elects to increase the amount of its permanency planning grant money allocated for early intervention family-based services, the commissioner shall provide the county with a bonus equal to 25 percent of the increased county allocation for the early intervention services. A county may not reduce the amount of permanency planning grant funds which it makes available for other services, in order to earn the bonus incentive.

Subd. 5. [INAPPROPRIATE EXPENDITURES.] ~~Permanency planning~~ Family preservation grant money must not be used for:

(1) child day care necessary solely because of the employment or training to prepare for employment, of a parent or other relative with whom the child is living;

(2) residential facility payments;

(3) adoption assistance payments;

(4) public assistance payments for aid to families with dependent children, supplemental aid, medical assistance, general assistance, general assistance medical care, or community health services authorized by sections 145A.09 to 145A.13; or

(5) administrative costs for local social services agency public assistance staff.

Subd. 6. [TERMINATION OF GRANT.] A grant may be reduced or terminated by the commissioner when the county agency has failed to comply with the terms of the grant or sections 256F.01 to 256F.07.

Subd. 7. [TRANSFER OF FUNDS.] Notwithstanding subdivision 1, the commissioner may transfer money from the appropriation for

~~permanency planning~~ family preservation grants to counties into the subsidized adoption account when a deficit in the subsidized adoption program occurs. The amount of the transfer must not exceed five percent of the appropriation for ~~permanency planning~~ family preservation grants to counties.

Sec. 31. Minnesota Statutes 1990, section 256F.06, is amended to read:

256F.06 [DUTIES OF COUNTY BOARDS.]

Subdivision 1. [RESPONSIBILITIES.] A county board may, alone or in combination with other county boards, apply for a ~~permanency planning~~ family preservation grant as provided in section 256F.04, subdivision 2. Upon approval of the ~~permanency planning~~ family preservation grant, the county board may contract for or directly provide ~~placement prevention and family reunification services~~ family-based services.

Subd. 2. [USES OF GRANTS.] The grant must be used exclusively ~~for placement prevention, family reunification services and training~~ for family-based ~~service and permanency planning~~ services. The grant may not be used as a match for other federal money or to meet the requirements of section 256E.06, subdivision 5.

Subd. 3. [DESCRIPTION OF FAMILY-BASED SERVICE.] When a county board elects to provide family-based service as a part of its permanency plan, its written description of family-based service must include the number of families to be served in each caseload, the provider of the service, the planned frequency of contacts with the families, and the maximum length of time family-based service will be provided to families.

Subd. 4. [REPORTING.] The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). The reports must include:

(1) a detailed statement of expenses attributable to the grant during the preceding quarter; and

(2) a statement of the expenditure of money for ~~placement prevention and family reunification~~ family-based services by the county during the preceding quarter, including the number of clients served and the expenditures, by client, for each service provided.

Sec. 32. Minnesota Statutes 1990, section 256F.07, subdivision 1, is amended to read:

Subdivision 1. [PREPLACEMENT REVIEW.] Each county board

shall establish a preplacement procedure to review each request for substitute care placement and determine if appropriate community resources have been utilized before making a substitute care placement. Emergency placements shall be reviewed to determine services necessary to allow a child to return home. Placements shall be reviewed for compliance with the minority family heritage act, sections 257.071 and 259.244; the Minnesota minority family preservation act, section 260.181, subdivision 3; the Minnesota Indian family preservation act, sections 257.35 to 257.356; and the Indian Child Welfare Act of 1978, United States Code, title 25, part 1901.

Sec. 33. Minnesota Statutes 1990, section 256F.07, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE FOR PLACEMENT.] When the preplacement review has determined that a substitute care placement is required because the child is in imminent risk of abuse or neglect; or requires treatment of an emotional disorder, chemical dependency, or mental retardation; the agency shall determine the level of care most appropriate to meet the child's needs in the least restrictive setting and in closest proximity to the child's family; and estimate the length of time of the placement, project a placement goal, and provide a statement of the anticipated outcome of the placement.

Placements must be in compliance with the minority family heritage act, sections 257.071 and 259.255; the Minnesota minority family preservation act, section 260.181, subdivision 3; the Minnesota Indian family preservation act, sections 257.35 to 257.356; and the Indian Child Welfare Act of 1978, United States Code, title 25, part 1901.

Sec. 34. Minnesota Statutes 1990, section 256F.07, subdivision 3, is amended to read:

Subd. 3. [TYPES OF SERVICES.] Placement prevention and family reunification services include:

~~(1) family based service;~~

~~(2) individual and family counseling;~~

~~(3) crisis intervention and crisis counseling;~~

~~(4) day care;~~

~~(5) 24 hour emergency caretaker and homemaker services;~~

~~(6) emergency shelter care up to 30 days in 12 months;~~

~~(7) access to emergency financial assistance;~~

~~(8) arrangements to provide temporary respite care to the family for up to 72 hours consecutively or 30 days in 12 months; and~~

~~(9) transportation services to the child and parents in order to prevent placement or accomplish reunification of the family~~ family-based services as defined in section 256F.03, subdivision 5 and including early intervention services designed to assist families at risk in avoiding crisis situations.

Family-based services must be coordinated with additional services identified and funded in the county social service act plan to provide a comprehensive placement prevention and family reunification services program.

Sec. 35. [256F.10] [GRANTS FOR CHILDREN'S SAFETY CENTERS.]

The commissioner shall issue a request for proposals from governmental nonprofit, or nongovernmental organizations, to design and implement at least four pilot children's safety centers. The purpose of the centers shall be to reduce children's vulnerability to violence and trauma related to family visitation, where there has been documented history of domestic violence or abuse within the family. At least one of the pilot projects shall be located in the seven-county metropolitan area. The commissioner, after exploring the feasibility of regional treatment centers as service center sites, shall locate the other children's safety centers at any of the following campus locations: Moose Lake, Fergus Falls, Cambridge, Faribault, and Willmar.

Each children's safety center shall be designed to provide a healthy interactive environment for parents who are separated or divorced to visit with their children and to facilitate parental visits with children living in foster homes as a result of child abuse or neglect. The centers shall be available for use by district courts who may order visitation to occur at a safety center. The centers can also be used as drop-off sites, so that parents who are under court order to have no contact with each other can exchange children for visitation at a neutral site.

Each center must have an educational team which shall provide parenting and child development classes to participating parents and hold regular classes designed to assist children who have experienced domestic violence and abuse.

Each center must provide sufficient security to ensure a safe visitation environment for children and their parents.

The commissioner may award grants to eligible providers for the establishment of the metro area safety center, and for outstate

projects as required. If private matching funds are available to metro grantees, then the commissioner shall establish two metro area projects. For safety centers developed by the commissioner at the regional treatment centers, the commissioner may contract with eligible providers for program services. Grants shall be awarded and contracts issued beginning July 1, 1992. The commissioner shall evaluate the operation of the pilot projects and the statewide administration of the children's safety centers and report back to the legislature by February 1, 1993, with recommendations.

Sec. 36. Minnesota Statutes 1990, section 257.071, subdivision 1a, is amended to read:

Subd. 1a. [PROTECTION OF HERITAGE OR BACKGROUND.] The authorized child placing agency shall ensure that the child's best interests are met by giving due consideration of the child's race or ethnic heritage in making a family foster care placement. The authorized child placing agency shall place a child, released by court order or by voluntary release by the parent or parents, in a family foster home selected by following the preferences described in section 260.181, subdivision 3. In instances where a child from a family of color is placed in a family foster home of a different racial or ethnic background, the local social service agency shall review the placement after 30 days and each 30 days thereafter for the first six months to determine if there is another available placement that would better satisfy the requirements of this subdivision.

Sec. 37. [257.0755] [OFFICE OF OMBUDSPERSON; CREATION; QUALIFICATIONS; FUNCTION.]

An ombudsperson for families shall be appointed to operate independently but under the auspices of each of the following groups: the Indian Affairs Council, the Spanish-Speaking Affairs Council, the Council on Black Minnesotans, and the Council on Asian-Pacific Minnesotans. Each of these groups shall select its own ombudsperson subject to final approval by the advisory board established under section 257.0768. Each ombudsperson shall serve at the pleasure of the advisory board, shall be in the unclassified service, shall be selected without regard to political affiliation, and shall be a person highly competent and qualified to analyze questions of law, administration, and public policy regarding the protection and placement of children from families of color. In addition, the ombudsperson must be experienced in dealing with communities of color and knowledgeable about the needs of those communities. No individual may serve as ombudsperson while holding any other public office. The ombudsperson shall have the authority to investigate decisions, acts, and other matters of an agency, program, or facility providing protection or placement services to children of color.

Sec. 38. [257.076] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of sections 257.0755 to 257.0768, the following terms shall have the meanings given them in this section.

Subd. 2. [AGENCY.] "Agency" means the divisions, officials, or employees of the state departments of human services and health and local district courts or a designated county social service agency as defined in section 256G.02, subdivision 7, engaged in providing child protection and placement services for children. "Agency" also means any individual, service, or program providing child protection or placement services in coordination with or under contract to any other entity specified in this subdivision.

Subd. 3. [COMMUNITIES OF COLOR.] "Communities of color" means the following: American Indian, Hispanic-Latino, Asian-Pacific, African, and African-American communities.

Subd. 4. [COMPADRAZGO.] "Compadrazgo" is a kinship institution within the Hispanic-Latino community used as a means of parenting and caring for children from birth to adulthood.

Subd. 5. [FAMILY OF COLOR.] "Family of color" means any family with a child under the age of 18 who is identified by one or both parents or another trusted adult to be of American Indian, Hispanic-Latino, Asian-Pacific, African, or African-American descent.

Subd. 6. [FACILITY.] "Facility" means any entity required to be licensed under chapter 245A.

Subd. 7. [TRUSTED ADULT.] "Trusted adult" means an individual recognized by the child's parent or legal guardian, the child's community, or both, as speaking for the child's best interest. The term includes compadrazgo and other individuals with a kinship or community relationship with the child.

Sec. 39. [257.0761] [ORGANIZATION OF OFFICE OF OMBUDSPERSON.]

Subdivision 1. [STAFF; UNCLASSIFIED STATUS; RETIREMENT.] The ombudsperson for each group specified in section 257.0755 may select, appoint, and compensate out of available funds the assistants and employees as deemed necessary to discharge responsibilities. All employees, except the secretarial and clerical staff, shall serve at the pleasure of the ombudsperson in the unclassified service. The ombudsperson and full-time staff shall be members of the Minnesota state retirement association.

Subd. 2. [DELEGATION TO STAFF.] The ombudsperson may delegate to staff members any of the ombudsperson's authority or

duties except the duty of formally making recommendations to an administrative agency or reports to the office of the governor, or to the legislature.

Sec. 40. [257.0762] [DUTIES AND POWERS.]

Subdivision 1. [DUTIES.] (a) Each ombudsperson shall monitor agency compliance with all laws governing child protection and placement, as they impact on children of color. In particular, the ombudsperson shall monitor agency compliance with sections 256F.07, subdivision 3a; 256F.08; 257.072; 257.075; 257.35 to 257.3579; and 260.181, subdivision 3.

(b) The ombudsperson shall work with local state courts to ensure that:

(1) court officials, public policymakers, and service providers are trained in cultural diversity. The ombudsperson shall document and monitor court activities in order to heighten awareness of diverse belief systems and family relationships;

(2) experts from the appropriate community of color including tribal advocates are used as court advocates and are consulted in placement decisions that involve children of color;

(3) guardians ad litem and other individuals from communities of color are recruited, trained, and used in court proceedings to advocate on behalf of children of color; and

(4) training programs for bilingual workers are provided.

Subd. 2. [POWERS.] In carrying out the duties in subdivision 1, each ombudsperson has the power to:

(1) determine the scope and manner of investigations to be made;

(2) investigate, upon a complaint or upon personal initiative, any action of any agency;

(3) request and be given access to any information in the possession of any agency deemed necessary for the discharge of responsibilities. The ombudsperson is authorized to set reasonable deadlines within which an agency must respond to requests for information. Data obtained from any agency under this clause shall retain the classification which it had under section 13.02 and shall be maintained and disseminated by the ombudsperson according to chapter 13;

(4) examine the records and documents of an agency;

(5) enter and inspect, during normal business hours, premises within the control of an agency; and

(6) subpoena any agency personnel to appear, testify, or produce documentary or other evidence which the ombudsperson deems relevant to a matter under inquiry, and may petition the appropriate state court to seek enforcement with the subpoena; provided, however, that any witness at a hearing or before an investigation as herein provided, shall possess the same privileges reserved to such a witness in the courts or under the laws of this state. The ombudsperson may compel nonagency individuals to testify or produce evidence according to procedures developed by the advisory board.

Sec. 41. [257.0763] [MATTERS APPROPRIATE FOR REVIEW.]

(a) In selecting matters for review, an ombudsperson should give particular attention to actions of an agency, facility, or program 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, facility, or program;

(3) may result in abuse or neglect of a child;

(4) may disregard the rights of a child or other individual served by an agency or facility; or

(5) may be unclear or inadequately explained, when reasons should have been revealed.

(b) An ombudsperson shall, in selecting matters for review, inform other interested agencies in order to avoid duplicating other investigations or regulatory efforts, including activities undertaken by a tribal organization under the authority of sections 257.35 to 257.3579.

Sec. 42. [257.0764] [COMPLAINTS.]

An ombudsperson may receive a complaint from any source concerning an action of an agency, facility, or program. After completing a review, the ombudsperson shall inform the complainant, agency, facility, or program. Services to a child shall not be unfavorably altered as a result of an investigation or complaint. An agency, facility, or program shall not retaliate or take adverse action, as defined in section 626.556, subdivision 4a, paragraph (c), against an individual who, in good faith, makes a complaint or assists in an investigation.

Sec. 43. [257.0765] [RECOMMENDATIONS TO AGENCY.]

(a) If, after reviewing a complaint or conducting an investigation and considering the response of an agency, facility, or program and any other pertinent material, the ombudsperson determines that the complaint has merit or the investigation reveals a problem, the ombudsperson may recommend that the agency, facility, or program:

(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 other action as authorized under section 257.0762.

(b) At the ombudsperson's request, the agency, facility, or program shall, within a reasonable time, inform the ombudsperson about the action taken on the recommendation or the reasons for not complying with it.

Sec. 44. [257.0766] [RECOMMENDATIONS AND PUBLIC REPORTS.]

Subdivision 1. [SPECIFIC REPORTS.] An ombudsperson may send conclusions and suggestions concerning any matter reviewed to the governor and shall provide copies of all reports to the advisory board and to the groups specified in section 257.0768, subdivision 1. Before making public a conclusion or recommendation that expressly or implicitly criticizes an agency, facility, program, or any person, the ombudsperson shall inform the governor and the affected agency, facility, program, or person concerning the conclusion or recommendation. When sending a conclusion or recommendation to the governor that is adverse to an agency, facility, program, or any person, the ombudsperson shall include any statement of reasonable length made by that agency, facility, program, or person in defense or mitigation of the ombudsperson's conclusion or recommendation.

Subd. 2. [GENERAL REPORTS.] In addition to whatever conclusions or recommendations the ombudsperson may make to the governor on an ad hoc basis, the ombudsperson shall at the end of each year report to the governor concerning the exercise of the ombudsperson's functions during the preceding year.

Sec. 45. [257.0767] [CIVIL ACTIONS.]

The ombudsperson and his designees are not civilly liable for any action taken under sections 257.0755 to 257.0768 if the action was taken in good faith, was within the scope of the ombudsperson's authority, and did not constitute willful or reckless misconduct.

Sec. 46. [257.0768] [OMBUDSPERSON'S ADVISORY BOARD.]

Subdivision 1. [MEMBERSHIP.] The appointment of each ombudsperson is subject to approval by an advisory board consisting of no more than 17 members. Members of the advisory board shall be appointed by the following groups: the Indian Affairs Council; the Spanish-Speaking Affairs Council; the Council on Black Minnesotans; and the Council on Asian-Pacific Minnesotans. Each council shall appoint four members to the board. The board shall provide advice and counsel to each ombudsperson.

Subd. 2. [COMPENSATION; CHAIR.] Members do not receive compensation but are entitled to receive reimbursement for reasonable and necessary expenses incurred. The members shall designate four rotating chairpersons to serve annually at the pleasure of the members.

Subd. 3. [MEETINGS.] The board shall meet at least four times a year at the request of its chair or the ombudspersons.

Subd. 4. [DUTIES.] The board shall advise and assist the ombudspersons in selecting matters for attention; developing policies, plans, and programs to carry out the ombudspersons' functions and powers; establishing protocols for working with the communities of color; developing procedures for the ombudspersons' use of the subpoena power to compel testimony and evidence from nonagency individuals; and making reports and recommendations for changes designed to improve standards of competence, efficiency, justice, and protection of rights. The board shall function as an advisory body.

Subd. 5. [TERMS, REMOVAL, AND EXPIRATION.] The membership terms, and removal of members of the board and the filling of membership vacancies are governed by section 15.0575.

Sec. 47. [257.0769] [FUNDING FOR THE OMBUDSPERSON PROGRAM.]

(a) Money is appropriated from the special fund authorized by section 256.01, subdivision 2, clause (15), to the Indian Affairs Council for the purposes of sections 257.0755 to 257.0768.

(b) Money is appropriated from the special fund authorized by section 256.01, subdivision 2, clause (15), to the Spanish-speaking Affairs Council for the purposes of sections 257.0755 to 257.0768.

(c) Money is appropriated from the special fund authorized by section 256.01, subdivision 2, clause (15), to the Council of Black Minnesotans for the purposes of sections 257.0755 to 257.0768.

(d) Money is appropriated from the special fund authorized by section 256.01, subdivision 2, clause (15), to the Council on Asian-Pacific Minnesotans for the purposes of sections 257.0755 to 257.0768.

Sec. 48. Minnesota Statutes 1990, section 257.352, subdivision 2, is amended to read:

Subd. 2. [AGENCY NOTICE OF POTENTIAL OUT-OF-HOME PLACEMENT.] When a local social service agency or private child placing agency determines that an Indian child is in a dependent or other condition that could lead to an out-of-home placement and requires the continued involvement of the agency with the child for a period in excess of 30 days, the agency shall send notice of the condition and of the initial steps taken to remedy it to the Indian child's tribal social service agency within seven days of the determination. At this and any subsequent stage of its involvement with an Indian child, the agency shall, upon request, give the tribal social service agency full cooperation including access to all files concerning the child. If the files contain confidential or private data, the agency may require execution of an agreement with the tribal social service agency that the tribal social service agency shall maintain the data according to statutory provisions applicable to the data. This subdivision applies whenever the court transfers legal custody of an Indian child under section 260.185, subdivision 1, paragraph (c), clause (1), (2), or (3) following an adjudication for a misdemeanor-level delinquent act.

Sec. 49. Minnesota Statutes 1990, section 268.022, subdivision 2, is amended to read:

Subd. 2. [DISBURSEMENT OF SPECIAL ASSESSMENT FUNDS.] (a) The money collected under this section shall be deposited in the state treasury and credited to a dedicated fund to provide for the dislocated worker programs established under sections 268.975 to 268.98; including vocational guidance, training, placement, and job development.

(b) All money in the dedicated fund is appropriated to the commissioner who must act as the fiscal agent for the money and must disburse the money for the purposes of this section, not allowing the money to be used for any other obligation of the state. All money in the dedicated fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as are provided by law for the other dedicated funds in the state treasury, except that all interest or net income

resulting from the investment or deposit of money in the fund shall accrue to the fund for the purposes of the fund.

(c) No more than five percent of the dedicated funds collected in each fiscal year may be used by the department of jobs and training for its administrative costs.

(d) The dedicated funds, less amounts under paragraph (c), must be allocated as follows:

(1) 50 percent to be allocated according to paragraph (e) to the substate grantees under subchapter III of the Job Training Partnership Act, United States Code, title 29, section 1661a in proportion to each substate area's share of the federal allocated funds, to be used to assist dislocated workers under the standards in section 268.98;

(2) 50 percent to fund specific programs proposed under the state plan request for proposal process and recommended by the governor's job training council. This fund shall be used for state plan request for proposal programs addressing plant closings or layoffs regardless of size; and

(3) in fiscal year 1991, 1992, and 1993, any amounts transferred to the general fund or obligated before the effective date of this section shall be excluded from the calculation under this paragraph.

(e) In the event that a substate grantee has obligated 100 percent of its formula allocated federal funds under subchapter III of the Job Training Partnership Act, United States Code, title 29, section 1651 et seq., the substate grantee may request and the commissioner shall provide additional funds to the substate area in an amount equal to the federal formula allocated funds. When a substate grantee has obligated 100 percent of the additional funds provided under this section, the substate grantee may request and the commissioner shall provide further additional funds in amounts equal to the federal formula allocated funds until the substate area receives its proportionate share of funds under paragraph (d), clause (1).

(f) By December 31 of each fiscal year each substate grantee and the governor's job training council shall report to the commissioner on the extent to which funds under this section are committed and the anticipated demand for funds for the remainder of the fiscal year. The commissioner shall reallocate those funds that the substate grantees and the council do not anticipate expending for the remainder of the fiscal year to be available for requests from other substate grantees or other dislocated worker projects proposed to the governor's job training council which demonstrate a need for additional funding.

(g) The amounts allocated under paragraph (d) must be based on estimated collections for the fiscal year. Any adjustments for actual collections shall be made in the following fiscal year.

Sec. 50. Minnesota Statutes 1990, section 268.914, is amended to read:

268.914 [DISTRIBUTION OF APPROPRIATION.]

Subdivision 1. [STATE SUPPLEMENT FOR FEDERAL GRANTEES.] (a) The commissioner of jobs and training shall distribute money appropriated for that purpose to head start program grantees to expand services to additional low-income children. Money must be allocated to each project head start grantee in existence on the effective date of Laws 1989, chapter 282. Migrant and Indian reservation grantees must be initially allocated money based on the grantees' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being served. A head start grantee must be funded at a per child rate equal to its contracted, federally funded base level for program accounts 20 to 26 at the start of the fiscal year. The commissioner may provide additional funding to grantees for start-up costs incurred by grantees due to the increased number of children to be served. Before paying money to the grantees, the commissioner shall notify each grantee of its initial allocation, how the money must be used, and the number of low-income children that must be served with the allocation. Each grantee must notify the commissioner of the number of additional low-income children it will be able to serve. For any grantee that cannot serve additional children to its full allocation, the commissioner shall reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible grantees.

(b) Up to 11 percent of the funds appropriated annually may be used to provide grants to local head start agencies to provide funds for innovative programs designed either to target head start resources to particular at-risk groups of children or to provide services in addition to those currently allowable under federal head start regulations. The commissioner shall award funds for innovative programs under this paragraph on a competitive basis.

Subd. 2. [SERVICE EXPANSION GRANTS.] One-third of any biennial increase in the state appropriations for head start programs shall be allocated by the commissioner of jobs and training, under a request for proposal system, to existing head start grantees for service expansion.

Priority for state-funded service expansion grants must be given to applicants who propose to:

(1) coordinate or co-locate the services through an existing community-based, family-oriented program such as a family resource center;

(2) minimize the amount of state funding that is needed for initial construction or remodeling costs by using an existing facility, by sharing a facility with a school or other program, or by obtaining contributions for these costs from private or local sources;

(3) reduce the costs and time of transportation by enabling children to attend a program closer to their home communities;

(4) increase services in an area where less than 15 percent of eligible children are enrolled; and

(5) expand programs within a city where no center-based program exists.

The additional funds provided to a grantee under this subdivision shall be considered part of the grantees funding base for future formula allocations of state or federal funds.

Sec. 51. Minnesota Statutes 1990, section 268.975, subdivision 3, is amended to read:

Subd. 3. [DISLOCATED WORKER.] "Dislocated worker" means an individual who:

(1) has been terminated or who has received a notice of termination ~~of~~ from employment ~~as a result of a plant closing or any substantial layoff at a plant, facility, or enterprise located in the state~~, is eligible for or has exhausted entitlement to unemployment compensation, and is unlikely to return to the previous industry or occupation;

(2) ~~was a resident of the state at the time~~ has been terminated or has received a notice of termination of employment ~~or at the time of receiving the notification of termination of employment~~ as a result of any plant closing or any substantial layoff at a plant, facility, or enterprise; ~~and~~

(3) ~~is eligible for or has exhausted unemployment compensation and is unlikely to return to the previous industry or occupation~~ has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the

community in which the individual resides or because of natural disasters, subject to rules to be adopted by the commissioner; or

(5) has been terminated or who has received a notice of termination from employment with a public or nonprofit employer.

A dislocated worker must have been working in Minnesota at the time employment ceased.

Sec. 52. Minnesota Statutes 1990, section 268.975, is amended by adding a subdivision to read:

Subd. 3a. [ADDITIONAL DISLOCATED WORKER.] "Additional dislocated worker" means an individual who was a full-time homemaker for a substantial number or years and derived the substantial share of his or her support from:

(1) a spouse and no longer receives such support due to the death, divorce, permanent disability of, or permanent separation from the spouse; or

(2) public assistance on account of dependents in the home and no longer receives such support.

An additional dislocated worker must have resided in Minnesota at the time the support ceased.

Sec. 53. Minnesota Statutes 1990, section 268.977, is amended to read:

268.977 [RAPID RESPONSE PROGRAM.]

Subdivision 1. [PROGRAM ESTABLISHMENT.] (a) The commissioner shall establish a rapid response program to (1) assist employees, employers, business organizations or associations, labor organizations, local government units, and community organizations to quickly and effectively respond to announced or actual plant closings and substantial layoffs and (2) assist dislocated workers and additional dislocated workers. Grant recipients and substate grantees may, but shall not be required to, subcontract with the department for readjustment services.

(b) The program must include or address at least the following:

(1) within five working days after becoming aware of an announced or actual plant closing or substantial layoff, establish on-site contact with the employer, employees, labor organizations if there is one representing the employees, and leaders of the local government units and community organizations to provide coordination of efforts to formulate a communitywide response to the plant

closing or substantial layoff, provide information on the public and private service and programs that might be available, inform the affected parties of the prefeasibility study grants under section 268.978, and collect any information required by the commissioner to assist in responding to the plant closing or substantial layoff;

(2) provide ongoing technical assistance to employers, employees, business organizations or associations, labor organizations, local government units, and community organizations to assist them in reacting to or developing responses to plant closings or substantial layoffs;

(3) establish and administer the prefeasibility study grant program under section 268.978 to provide an initial assessment of the feasibility of alternatives to plant closings or substantial layoffs;

(4) work with employment and training service providers, employers, business organizations or associations, labor organizations, local government units, dislocated workers, and community organizations in providing training, education, community support service, job search programs, job clubs, and other services to address the needs of potential or actual dislocated workers;

(5) coordinate with providers of economic development related financial and technical assistance services so that communities that are experiencing plant closings or substantial layoffs have immediate access to economic development related services; ~~and~~

(6) collect and make available information on programs that might assist dislocated workers and the communities affected by plant closings or substantial layoffs; and

(7) when they can be provided without adversely affecting delivery of services to dislocated workers, the services under clause (4) shall be available to additional dislocated workers as defined in section 268.975, subdivision 3a.

Subd. 2. [APPLICABILITY.] ~~Notwithstanding section 268.975, subdivisions 6 and 8, the commissioner may waive the threshold requirements for finding a plant closing or substantial layoff in special cases where the governor's job training council recommends waiver to the commissioner following a finding by the council that the number of workers dislocated as a result of a plant closing or substantial layoff would have a substantial impact on the community or labor market where the closure or layoff occurs and, in the absence of intervention through the rapid response program, would overwhelm the capacity of other programs to provide effective assistance.~~ A proposal for a program recommended for funding by the governor's job training council shall not be denied based upon the increased funding and resources of substate areas.

Sec. 54. Minnesota Statutes 1990, section 268.98, is amended to read:

268.98 [PERFORMANCE STANDARDS.]

(a) The commissioner shall establish performance standards for the programs and activities administered or funded through the rapid response program under section 268.977. The commissioner may use existing federal performance standards or, if the commissioner determines that the federal standards are inadequate or not suitable, may formulate new performance standards to ensure that the programs and activities of the rapid response program are effectively administered.

(b) Not less than 20 percent of the funds expended under this section must be used to provide needs-related payments and other supportive services as those terms are used in subchapter III of the Job Training Partnership Act, United States Code, title 29, section 1661d(b). This requirement does not apply to the extent that a program proposal requests less than 20 percent of such funds. At the end of the fiscal year, each substate grantee and each grant recipient shall report to the commissioner on the types of services funded under this paragraph and the amounts expended for such services. By January 15 of each year, the commissioner shall provide a summary report to the legislature.

Sec. 55. Minnesota Statutes 1990, section 268A.08, subdivision 2, is amended to read:

Subd. 2. Subject to the provisions of sections 268A.06 to 268A.09 and the rules of the department, each rehabilitation facility board shall:

(a) Review and evaluate the need for extended employment programs offered by the rehabilitation facility provided pursuant to sections 268A.06 to 268A.09 and report thereon to the commissioner and, when indicated, the public, together with recommendations for additional extended employment programs. Extended employment program services shall be targeted to persons with brain injuries, serious and persistent mental health disabilities, and persons who are not otherwise eligible for day training and habilitation services under chapter 252 that are reimbursed by medical assistance;

(b) Recruit and promote local financial support for the extended employment programs from private sources such as community chests, business, industrial and private foundations, voluntary agencies and other lawful sources and promote public support for municipal and county appropriations;

(c) Promote, arrange, and implement working agreements with

other educational and social service agencies both public and private and any other allied agencies;

(d) Advise the commissioner on the adoption and implementation of policies to stimulate effective community relations;

(e) Review the annual plan and budget and make recommendations thereon;

(f) When the extended employment program offered by the rehabilitation facility is certified, act as the administrator of the rehabilitation facility and its programs for purposes of this chapter.

Sec. 56. Minnesota Statutes 1990, section 268A.09, subdivision 2, is amended to read:

Subd. 2. [EVALUATION; STATE FUNDING.] At the beginning of each fiscal year, the commissioner shall allocate available funds to extended employment programs for disbursement during the fiscal year in accordance with approved plans or budgets. The commissioner shall study and recommend to the legislature by March 1, 1985, new allocation formulas which take into consideration effectiveness of the rehabilitation facility extended employment programs. In its recommendation the commissioner shall calculate the fiscal impact of the various formulas on each rehabilitation facility and the extent to which a rehabilitation facility can utilize new allocation formulas. The commissioner shall develop forms to assist the rehabilitation facilities in collecting data necessary to complete the program evaluation. Information needed to conduct the evaluations must be submitted by the rehabilitation facilities along with the annual requests for funding. Failure to submit documentation requested by the commissioner shall result in the withdrawal of all state funding for the extended employment programs offered by the rehabilitation facility.

The commissioner shall provide an annual cost-of-living adjustment to extended employment program grants for supported employment, long-term employment, work activity, and work component services beginning July 1, 1993. The annual cost-of-living adjustment shall be a percentage amount equal to the percent increase, if any, in the consumer price index (CPT-V-US) city average as published by the Bureau of Labor Statistics, United States Department of Labor, during the last calendar year.

The commissioner shall from time to time during the fiscal year review the budgets and expenditures of the rehabilitation facilities and programs. If funds are not needed for the program to which they were allocated, the commissioner may, after reasonable notice and opportunity for hearing, withdraw such funds as are unencumbered and reallocate them to other programs. The commissioner may withdraw funds from any rehabilitation facility or program which is

not being administered in accordance with its approved plan and budget unless a modified plan and budget is submitted to and approved by the commissioner, and implemented within a reasonable time.

The commissioner shall also withdraw funds from a rehabilitation facility or program not being administered according to department rules, or not meeting mandatory standards for certification, unless a plan bringing the rehabilitation facility or program into compliance with the rules and standards is submitted to and approved by the commissioner and implemented within a reasonable time.

Sec. 57. [LAND CONVEYANCE TO CITY OF CAMBRIDGE.]

Notwithstanding Minnesota Statutes, sections 94.09 to 94.16; for the purposes of this section and Laws 1990, chapter 610, article 1, section 12, subdivision 5; on behalf of the Cambridge regional human services center; and in cooperation with the city of Cambridge, the commissioner of administration may transfer to the city of Cambridge the real properties, consisting of 68 acres, more or less, described as follows:

Government Lot 2, Section 6, Township 35, Range 23, Isanti county, Minnesota.

ALSO: that part of the West Half of the Northeast Quarter, that part of the East Half of the Northwest Quarter, that part of Government Lot 4, and that part of Government Lot 5, all in Section 5, Township 35, Range 23, Isanti county, Minnesota, described jointly as follows:

Commencing at the intersection of the North line of the said Section 5 and the center line of state trunk highway No. 65 as laid out and constructed, said point being 786.27 feet West from the northeast corner of said Section 5; thence South 15 degrees 39 minutes 50 seconds West, along the center line of said state trunk highway No. 65 and the tangent line of a curve to the right, a distance of 573.03 feet; thence on a bearing of West, a distance of 80.63 feet to a point to be hereinafter known as point "A", said point being the intersection of the westerly right-of-way line of said state trunk highway No. 65 with a line drawn parallel with and distant 50 feet South, as measured at right angles thereto, from the center line of state highway No. 293, as laid out and constructed; thence continuing on a bearing of West and parallel with the center line of said state highway No. 293, said center line being parallel with the North line of said Section 5, a distance of 1484.50 feet to a point to be hereinafter known as point "B"; thence on a bearing of South, a distance of 714.00 feet; thence on a bearing of West, a distance of 545.64 feet; thence North 6 degrees 13 minutes 06 seconds East, a distance of 591.12 feet to the point of beginning

of the land to be herein described; thence South 6 degrees 13 minutes 06 seconds West, retracing the last described course, a distance of 591.12 feet; thence on a bearing of East, a distance of 545.64 feet; thence on a bearing of South, a distance of 70.57 feet; thence South 89 degrees 15 minutes 02 seconds West, a distance of 957.32 feet; thence South 1 degree 37 minutes 42 seconds East, a distance of 133.27 feet to the south line of the North 102.5 feet of the Southeast Quarter of Northwest Quarter of Section 5, as measured along the west line of said Southeast Quarter of Northwest Quarter; thence South 89 degrees 24 minutes 15 seconds West, along said south line, a distance of 2040.05 feet to the west line of said Section 5; thence northerly, along said west line of Section 5 to the southerly shoreline of the Rum River; thence easterly and northeasterly along the southerly and southeasterly shoreline of the Rum River to the north line of the Northwest Quarter of said Section 5; thence North 89 degrees 47 minutes 10 seconds East, along said north line of the Northwest Quarter of Section 5 to a point distant 646.00 feet west of the northeast corner of said Northwest Quarter of Section 5, as measured along the north line of said Northwest Quarter; thence South 0 degrees 03 minutes 35 seconds East, a distance of 134.02 feet; thence North 89 degrees 56 minutes 25 seconds East, a distance of 238.29 feet to the westerly line of an easement for highway purposes for state highway No. 293, by Transfer of Custodial Control, dated June 15, 1959; thence South 0 degrees 04 minutes 00 seconds East, along said westerly line, a distance of 7.77 feet; thence southeasterly along a tangential curve in the westerly line of said easement for highway purposes, said curve is concave to the northeast, radius 381.10 feet, central angle 58 degrees 44 minutes 37 seconds, 390.73 feet to the point of intersection with a line that bears North 30 degrees 00 minutes 00 seconds East from the point of beginning; thence South 30 degrees 00 minutes 00 seconds West, along said line, a distance of 240.68 feet to the point of beginning.

That part of Lot 30 of Auditor's Subdivision No. 9, Isanti county, Minnesota, described as follows:

Commencing at the East quarter corner of Section 32, Township 36, Range 23, Isanti county, Minnesota; thence South 89 degrees 44 minutes 35 seconds West, assumed bearing, along the east-west quarter line of said Section 32, a distance of 2251.43 feet; thence South 1 degree 48 minutes 40 seconds East, a distance of 344.47 feet to the south line of Lot 30 of Auditor's Subdivision No. 9; thence South 89 degrees 35 minutes 05 seconds West along said south line, a distance of 205.34 feet to the west line of the East 1098 feet of said Lot 30 and the point of beginning of the parcel to be herein described; thence continuing South 89 degrees 35 minutes 05 seconds West along the south line of said Lot 30, a distance of 534.66

feet; thence North 45 degrees 24 minutes 55 seconds West, a distance of 180 feet, more or less, to the shoreline of the Rum River; thence northeasterly along said shoreline, a distance of 252 feet, more or less, to the east-west quarter line of said Section 32; thence North 89 degrees 44 minutes 35 seconds East along said east-west quarter line, a distance of 524 feet, more or less, to the west line of the East 1098 feet of said Lot 30; thence South 2 degrees 40 minutes 50 seconds East along said west line, a distance of 345.21 feet to the point of beginning.

That part of the North half of the Northeast Quarter and that part of the Northeast Quarter of the Northwest Quarter, both in said Section 5, lying northerly of the following described line "C" and lying southerly of a line drawn parallel with and distant 32 feet northerly of said line "C" (as measured at right angles to said line "C"). Said line "C" is described as follows:

Beginning at the previously described point "A"; thence on a bearing of West, a distance of 1484.50 feet to the previously described point "B"; thence continuing on a bearing of West, a distance of 164.52 feet to a point to be hereinafter known as point "D".

The northerly line of the strip of land described herein is to extend easterly to terminate on the westerly right-of-way line of said state trunk highway No. 65.

That part of the Northeast Quarter of the Northwest Quarter of said Section 5, lying northerly of the following described line "E" and lying southerly of a line drawn parallel with and distant 27 feet northerly of said line "E" (as measured at right angles to said line "E"). Said line "E" is described as follows:

Beginning at the previously described point "D", said point is on a curve, the tangent of said curve bears East from said point; thence westerly, along said curve, concave to the north, radius 408.10 feet, central angle 31 degrees 02 minutes 09 seconds, a distance of 221.06 feet and there terminating.

All of the land described herein is subject to easements, restrictions and reservations of record, if any.

In accordance with this section and Laws 1990, chapter 610, article 1, section 12, subdivision 5, the department of human services and the city may attach to the transfer the conditions that they agree are appropriate, including conditions that relate to water and sewer service at the center and in the city. If the transfer requires the conveyance of any interest in real estate, the attorney general shall prepare appropriate instruments of conveyance. The deeds to convey the properties must contain a clause that the

property will revert to the state if the property ceases to be used for a public purpose.

The city of Cambridge shall use the land to preserve flood plain open space, to construct a wastewater treatment facility, to construct a trail system, to access the regional treatment center cemetery, to access existing infrastructure, and other public purposes. Economic development is a public purpose within the meaning of the term in Laws 1990, chapter 610, article 1, section 12, subdivision 5, and sales or conveyances to private parties shall be deemed as economic development. Property conveyed by the state under this section shall not revert to the state if it is conveyed or otherwise encumbered by the city as part of a city economic development activity. The appropriation in Laws 1990, chapter 610, article 1, section 12, subdivision 5, expires upon the accomplishment or abandonment of its purpose and the purposes of this section.

Sec. 58. [GRANTS FOR FAMILY-BASED CRISIS SERVICES.]

Money allocated for the families first program, including Minnesota Statutes, section 256F.08, must be distributed on a calendar year basis by the commissioner of human services to counties to provide programs for family-based crisis services defined in section 256F.03, subdivision 5. The commissioner shall ask counties to present proposals for the funding and shall award grants for the funding on a competitive basis. Beginning January 1, 1993, the state share of the costs of the programs shall be 75 percent and the county share, 25 percent.

Sec. 59. [CITATION.]

Sections 6 to 9, 55, and 56 may be cited as the "act for equal access to employment opportunities for persons with severe disabilities."

Sec. 60. [REPEALER.]

Laws 1990, chapter 568, article 6, section 4, is repealed effective the day following final enactment.

Sec. 61. [EFFECTIVE DATE.]

Sections 51 to 53 are effective the day following final enactment. Sections 18 to 23 become effective only under the requirements of section 15.

ARTICLE 4

HEALTH CARE

Section 1. Minnesota Statutes 1990, section 144A.071, is amended by adding a subdivision to read:

Subd. 3a. [CERTIFICATION OF LICENSED BEDS IN A CERTIFIED FACILITY.] Nothing in this section prohibits the commissioner of health from certifying licensed nursing home beds in a facility certified for medical assistance provided that these beds meet the certification requirements and the facility enters into a written agreement with the commissioner of human services specifying that medical assistance reimbursement shall not be requested for a greater number of residents than the facility had medical assistance certified beds on April 1, 1991.

Sec. 2. Minnesota Statutes 1990, section 246.64, subdivision 3, is amended to read:

Subd. 3. [RESPONSIBILITIES OF COMMISSIONER.] The commissioner shall credit all receipts from billings for rates set in subdivision 1, except those credited according to subdivision 2, to the chemical dependency fund. This money must not be used for a regional treatment center activity that is not a chemical dependency service or an allocation of expenditures that are included in the base for computation of the rates under subdivision 1. The commissioner may expand chemical dependency services so long as expenditures are recovered by patient fees, transfer of funds, or supplementary appropriations. The commissioner may expand or reduce chemical dependency staff complement as long as expenditures are recovered by patient fees, transfer of funds, or supplementary appropriations. ~~An increase or decrease in chemical dependency staff shall not result in an increase or decrease in staff in any facility or unit not providing chemical dependency services.~~ Notwithstanding chapters 176 and 268, the commissioner shall provide for the self-insurance of regional treatment center chemical dependency programs for the costs of unemployment compensation and workers' compensation claims. The commissioner shall provide a biennial report to the chairs of the senate finance subcommittee on health and human services, the house of representatives human services division of appropriations, and the senate and house of representatives health and human services committees.

Sec. 3. Minnesota Statutes 1990, section 252.46, subdivision 3, is amended to read:

Subd. 3. [RATE MAXIMUM.] Unless a variance is granted under subdivision 6, the maximum payment rates for each vendor for a calendar year must be equal to the payment rates approved by the commissioner for that vendor in effect December 1 of the previous

calendar year increased by no more than the projected percentage change in the urban consumer price index, all items, published by the United States Department of Labor, for the upcoming calendar year over the current calendar year. The commissioner shall not provide an annual inflation adjustment for the fiscal year ending June 30, 1993.

Sec. 4. Minnesota Statutes 1990, section 252.46, subdivision 6, is amended to read:

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 commissioner shall develop by October 1, 1989, a uniform format for submission of documentation for the variance requests. This format shall be used by each vendor requesting a variance. The form shall be developed by the commissioner and shall be reviewed by representatives of advocacy and provider groups and counties. A variance may be utilized for costs associated with compliance with state administrative rules, compliance with court orders, capital costs required for continued licensure, increased insurance costs, start-up and conversion costs for supported employment, direct service staff salaries and benefits, and transportation. The county board shall review all vendors' payment rates that are ten or more than ten percent lower than the statewide median payment rates. 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. 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 and recommended an effective date for the change in the rate.

(2) The proposed changes are required for the vendor to deliver authorized individual services in an effective and efficient manner.

(3) The proposed changes are necessary to demonstrate compliance with minimum licensing standards~~, or to provide community integrated and supported employment services after a change in the vendor's existing services has been approved as provided in section 252.28~~.

(4) The vendor documents that the changes cannot be achieved by reallocating current staff or by reallocating financial resources.

(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, and how the county will monitor the use of money by the vendor to make necessary changes in services.

(7) The county board's recommended payment rates do not exceed 125 percent of the current calendar year's statewide median payment rates.

The commissioner shall have 60 calendar days from the date of the receipt of the complete request to accept or reject it, or the request shall be deemed to have been granted. If the commissioner rejects the request, the commissioner shall state in writing the specific objections to the request and the reasons for its rejection.

Sec. 5. Minnesota Statutes 1990, section 252.46, subdivision 14, is amended to read:

Subd. 14. [PILOT STUDY.] The commissioner may initiate a pilot payment rate system under section 252.47. The pilot project may establish training and demonstration sites. The pilot payment rate system must include actual transfers of funds, not simulated transfers. The pilot payment rate system may involve ~~up to four counties and four~~ vendors representing different geographic regions and rates of reimbursement. Participation in the pilot project is voluntary. Selection of participants by the commissioner is based on the vendor's submission of a complete application form provided by the commissioner. The application must include letters of agreement from the host county, counties of financial responsibility, and residential service providers. Evaluation of the pilot project must include consideration of the effectiveness of procedures governing establishment of equitable payment rates. Implementation of the pilot payment rate system is contingent upon federal approval and systems feasibility. The policies and procedures governing administration, participation, evaluation, service utilization, and payment for services under the pilot payment rate system are not subject to the rulemaking requirements of chapter 14.

Sec. 6. Minnesota Statutes 1990, section 252.478, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF ~~PROGRAM~~ METRO TRANSPORTATION SUPPORT GRANTS.] The commissioner of human services shall establish and operate a metro transportation

support grants program to provide reimbursement for client transportation by metro mobility, or cost-effective alternatives, to day training and habilitation services for which client transportation is a required and funded component, and to maximize use of federal funds for this reimbursement. A metro transportation support grants account shall be established in the department of human services chart of accounts.

Sec. 7. Minnesota Statutes 1990, section 252.478, subdivision 3, is amended to read:

Subd. 3. [COUNTY SHARE.] The county share of the metro transportation support grants program costs will be distributed by the department to all metropolitan counties from the metro transportation support grants account. ~~For state fiscal year 1991, the funds transferred from the regional transit board to this account shall be distributed to: Ramsey county, 48 percent; Hennepin county, 46 percent; Dakota county, five percent; and Anoka county, one percent. For subsequent fiscal years, funds shall be distributed annually based on each county's percentage of total expenses incurred for trips provided on metro mobility to and from day training and habilitation services during the preceding 12-month period.~~ in amounts not to exceed those received by the counties and used for increased expenses incurred for trips provided on metro mobility during fiscal year 1991. Counties must recommend decreases to the payment rates for vendors whose transportation costs decrease with use of cost-effective alternatives. Counties should deposit these funds into the program accounts that will incur the transportation expenses.

Sec. 8. Minnesota Statutes 1990, section 254B.04, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) Persons eligible for benefits under Code of Federal Regulations, title 25, part 20, persons eligible for medical assistance benefits under sections 256B.055 and 256B.056 or who meet the income standards of section 256B.056, subdivision 4, and persons eligible for general assistance medical care under section 256D.03, subdivision 3, are entitled to chemical dependency fund services. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

(b) A person not entitled to services under paragraph (a), but with family income that is less than 60 percent of the state median income for a family of like size and composition, shall be eligible to receive chemical dependency fund services within the limit of funds available after persons entitled to services under paragraph (a) have been served. A county may spend money from its own sources to serve persons under this paragraph.

(c) Persons whose income is between 60 percent and 115 percent of the state median income shall be eligible for chemical dependency services on a sliding fee basis, within the limit of funds available, after persons entitled to services under paragraph (a) and persons eligible for services under paragraph (b) have been served. Persons eligible under this paragraph must contribute to the cost of services according to the sliding fee scale established under subdivision 3. A county may spend money from its own sources to provide services to persons under this paragraph. State money appropriated for paragraphs (b) and (c) must be placed in a separate account established for the purposes of paragraphs (b) and (c).

(d) Notwithstanding paragraphs (b) and (c), state money appropriated to serve persons who are not entitled to services under paragraph (a) must be expended for chemical dependency treatment services for persons who are eligible for services but not entitled to services under paragraph (a) and who have children in their household, are pregnant, or are younger than 19 years old. These persons may have household incomes up to 115 percent of the state median income. State money appropriated for this paragraph must be placed in a separate account established for this purpose. Any money in addition to the amounts necessary to serve the persons identified in this paragraph must be expended according to the provisions of paragraphs (b) and (c).

Sec. 9. Minnesota Statutes 1990, section 256.045, subdivision 10, is amended to read:

Subd. 10. [PAYMENTS PENDING APPEAL.] If the commissioner of human services or district court orders monthly assistance or aid or services paid or provided in any proceeding under this section, it shall be paid or provided pending appeal to the commissioner of human services, district court, court of appeals, or supreme court. The human services referee may order the local human services agency to reduce or terminate medical assistance or general assistance medical care to a recipient before a final order is issued under this section if: (1) the human services referee determines at the hearing that the sole issue on appeal is one of a change in state or federal law; and (2) the commissioner or the local agency notifies the recipient before the action. The state or county agency has a claim for food stamps ~~and~~, cash payments, medical assistance, and general assistance medical care made to or on behalf of a recipient or former recipient while an appeal is pending if the recipient or former recipient is determined ineligible for the food stamps ~~and~~, cash payments, medical assistance, or general assistance medical care as a result of the appeal, except for medical assistance and general assistance medical care made on behalf of a recipient pursuant to a court order.

Sec. 10. Minnesota Statutes 1990, section 256.936, is amended by adding a subdivision to read:

Subd. 5. [APPEALS.] If the commissioner suspends, reduces, or terminates eligibility for the children's health plan, or services provided under the children's health plan, the commissioner must provide notification according to the laws and rules governing the medical assistance program. A children's health plan applicant or enrollee aggrieved by a determination of the commissioner has the right to appeal the determination according to section 256.045.

Sec. 11. Minnesota Statutes 1990, section 256.9365, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHED.] The commissioner of human services shall establish a program to pay private health plan premiums for persons who have contracted human immunodeficiency virus (HIV) to enable them to continue coverage under a group or individual health plan. If a person is determined to be eligible under subdivision 2, the commissioner shall: (1) pay the eligible person's group plan ~~continuation coverage~~ premium for ~~18 months after termination of employment, or~~ the period of continuation coverage provided in the Consolidated Omnibus Budget Reconciliation Act of 1985; or (2) pay the eligible person's individual plan premium for 24 months ~~after initial application~~.

Sec. 12. Minnesota Statutes 1990, section 256.9365, subdivision 3, is amended to read:

Subd. 3. [RULES.] The commissioner shall establish rules as necessary to implement the program. Special requirements for the payment of individual plan premiums under subdivision 2, clause (5), must be designed to ensure that the state cost of paying an individual plan premium over a two-year period does not exceed the estimated state cost that would otherwise be incurred in the medical assistance or general assistance medical care program.

Sec. 13. Minnesota Statutes 1990, section 256.9685, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The commissioner shall establish procedures for determining medical assistance and general assistance medical care payment rates under a prospective payment system for inpatient hospital services in hospitals that qualify as vendors of medical assistance. The commissioner shall establish, by rule, procedures for implementing this section and sections 256.9686, 256.969, and 256.9695. The medical assistance payment rates must be based on methods and standards that the commissioner finds are adequate to provide for the costs that must be incurred for the care of recipients in efficiently and economically operated hospitals. Services must meet the requirements of section 256B.04, subdivision 15, or 256D.03, subdivision 7, paragraph (b), to be eligible for payment.

Sec. 14. Minnesota Statutes 1990, section 256.9686, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] For purposes of this section and sections ~~256.9685,~~ 256.969, and 256.9695, the following terms and phrases have the meanings given.

Sec. 15. Minnesota Statutes 1990, section 256.9686, subdivision 6, is amended to read:

Subd. 6. [HOSPITAL.] "Hospital" means a facility licensed under sections 144.50 to 144.58 ~~or~~, an out-of-state facility licensed to provide acute care under the requirements of that state in which it is located, or an Indian health service facility designated to provide acute care by the federal government.

Sec. 16. Minnesota Statutes 1990, section 256.969, subdivision 1, is amended to read:

Subdivision 1. [HOSPITAL COST INDEX.] The hospital cost index shall be obtained from an independent source and shall represent a weighted average of historical, as limited to statutory maximums, and projected cost change estimates determined for expense categories to include wages and salaries, employee benefits, medical and professional fees, raw food, utilities, insurance including malpractice insurance, and other applicable expenses as determined by the commissioner. The index shall reflect Minnesota cost category weights. Individual indices shall be specific to Minnesota if the commissioner determines that sufficient accuracy of the hospital cost index is achieved. The hospital cost index shall be used to adjust the base year operating payment rate through the rate year on an annually compounded basis. Notwithstanding section 256.9695, subdivision 3, paragraph (c), the hospital cost index shall not be effective under the general assistance medical care program for admissions occurring during the fiscal year ending June 30, 1993.

Sec. 17. Minnesota Statutes 1990, section 256.969, subdivision 2, is amended to read:

Subd. 2. [DIAGNOSTIC CATEGORIES.] The commissioner shall use to the extent possible existing diagnostic classification systems, including the system used by the Medicare program to determine the relative values of inpatient services and case mix indices. The commissioner may combine diagnostic classifications into diagnostic categories and may establish separate categories and numbers of categories based on program eligibility or hospital peer group. Relative values shall be recalculated when the base year is changed ~~and shall not be determined on a hospital specific basis~~. Relative value determinations shall include paid claims for admissions during each hospital's base year. The commissioner may extend the time period forward to obtain sufficiently valid information to

establish relative values. Relative value determinations shall not include property cost data, Medicare crossover data, and data ~~from the transferring hospital~~ on admissions that are paid a per day transfer ~~discharges, except data on transfer discharges with a burn diagnostic classification or data on transfer discharges for the patient's convenience that have been reported by the hospital to the commissioner by the October 1 preceding the~~ rate ~~year~~ under subdivision 13. The computation of the base year cost per admission must include identified outlier cases and their weighted costs up to the point that they become outlier cases, but must exclude costs recognized in outlier payments beyond that point. The commissioner may recategorize the diagnostic classifications and recalculate relative values and case mix indices 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.

Sec. 18. Minnesota Statutes 1990, section 256.969, subdivision 2c, is amended to read:

Subd. 2c. [PROPERTY PAYMENT RATES.] For each hospital's first two consecutive fiscal years beginning on or after July 1, 1988, the commissioner shall limit the annual increase in property payment rates for depreciation, rents and leases, and interest expense to the annual growth in the hospital cost index derived from the methodology in effect on the day before July 1, 1989. When computing budgeted and settlement property payment rates, the commissioner shall use the annual increase in the hospital cost index forecasted by Data Resources, Inc., consistent with the quarter of the hospital's fiscal year end. For admissions occurring on or after the rate year beginning January 1, 1991, the commissioner shall obtain property data from an updated base year and establish property payment rates per admission for each hospital. Property payment rates shall be derived from data from the same base year that is used to establish operating payment rates. The property information shall include cost categories not subject to the hospital cost index and shall reflect the cost-finding methods and allowable costs of the Medicare program ~~in effect during the base year~~. The base year property payment ~~rate per admission~~ rates shall be adjusted for ~~positive percentage change differences~~ increases in the ~~net book value of hospital~~ property ~~and equipment~~ cost by increasing the base year property payment rate ~~per admission~~ 85 percent of the percentage change from the base year through the ~~most recent~~ year ~~ending prior to the rate year~~ for which ~~required information is available~~ a Medicare cost report has been submitted to the Medicare program and filed with the department by the October 1 before the rate year. ~~The percentage change shall be derived from equivalent audited information in both years and shall be adjusted to account for changes in generally accepted accounting principles, reclassification of assets, allocations to nonhospital areas, and fiscal years.~~ The ~~cost, audit, and charge data used to establish~~ property rates shall

only reflect inpatient services covered by medical assistance ~~and shall not include operating cost information. To be eligible for the property payment rate per admission adjustment, the hospital must provide the necessary information to the commissioner, in a format specified by the commissioner, by the October 1 preceding the rate year.~~ The commissioner shall adjust rates for the rate year beginning January 1, 1991, to ensure that all hospitals are subject to the hospital cost index limitation for two complete years.

Sec. 19. Minnesota Statutes 1990, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. [PAYMENTS.] Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. To establish interim rates, the commissioner is exempt from the requirements of chapter 14. Medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic classifications. The commissioner may selectively contract with hospitals for services within the diagnostic categories 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 use a hospital under contract with the commissioner, as long as the physician meets credentialing standards of the individual hospital. Individual hospital payments established under this section and sections 256.9685, 256.9686, and 256.9695, in addition to third party and recipient liability, for ~~admissions~~ discharges occurring during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. This payment limitation ~~is not applicable and~~ shall ~~not~~ be calculated ~~to include~~ separately for medical assistance and general assistance medical care services. The limitation on general assistance medical care shall be effective for admissions occurring on or after July 1, 1991. Services that have rates established under subdivision 6a, paragraph (a), clause (5) or (6), must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates by December 1 of the year preceding the rate year. The rate setting data must reflect the admissions data used to establish relative values. Base year changes

from 1981 to the base year established for the rate year beginning January 1, 1991, and for subsequent rate years, shall not be limited to the limits ending June 30, 1987, on the maximum rate of increase under subdivision 1. The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

Sec. 20. Minnesota Statutes 1990, section 256.969, subdivision 6a, is amended to read:

Subd. 6a. [SPECIAL CONSIDERATIONS.] ~~(a)~~ In determining the payment rates, the commissioner shall consider whether the ~~following~~ circumstances in subdivisions 7 to 14 exist~~:~~.

~~(1)~~ Subd. 7. [MINIMAL MEDICAL ASSISTANCE USE.] Minnesota hospitals with 30 or fewer annualized admissions of Minnesota medical assistance recipients in the base year, excluding Medicare crossover admissions, may have the base year operating rates, as adjusted by the case mix index, and property payment rates established at the 70th percentile of hospitals in the peer group in effect during the base year as established by the Minnesota department of health for use by the rate review program. Rates within a peer group shall be adjusted for differences in fiscal years and outlier percentage payments before establishing the 70th percentile. The operating payment rate portion of the 70th percentile shall be adjusted by the hospital cost index. To have rates established under this paragraph, the hospital must notify the commissioner in writing by November 1 of the year preceding the rate year. ~~This paragraph shall be applied to all payment rates of the affected hospital.~~

~~(2)~~ Subd. 8. [UNUSUAL COST OR LENGTH OF STAY EXPERIENCE.] The commissioner shall establish day and cost outlier thresholds for each diagnostic category established under subdivision 2 at two standard deviations beyond the ~~geometric~~ mean length of stay or allowable cost. Payment for the days and cost beyond the outlier threshold shall be in addition to the operating and property payment rates per admission established under subdivisions 2, 2b, and 2c. Payment for outliers shall be at 70 percent of the allowable operating cost ~~calculated by dividing the operating payment rate per admission~~, after adjustment by the case mix index, hospital cost index, relative values and the disproportionate population adjustment~~, by the arithmetic mean length of stay for the diagnostic category~~. The outlier threshold for neonatal and burn diagnostic

categories shall be established at one standard deviation beyond the ~~geometric~~ mean length of stay or allowable cost, and payment shall be at 90 percent of allowable operating cost calculated in the same manner as other outliers. A hospital may choose an alternative ~~percentage~~ to the 70 percent outlier payment ~~to~~ that is at a minimum of 60 percent and a maximum of 80 percent if the commissioner is notified in writing of the request by October 1 of the year preceding the rate year. The chosen percentage applies to all diagnostic categories except burns and neonates. The percentage of allowable cost that is unrecognized by the outlier payment shall be added back to the base year operating payment rate per admission. Cost outliers shall be calculated using hospital specific allowable cost data. If a stay is both a day and a cost outlier, outlier payments shall be based on the higher outlier payment.

~~(3)~~ Subd. 9. [DISPROPORTIONATE NUMBERS OF LOW-INCOME PATIENTS SERVED.] For admissions occurring on or after July 1, 1989, the medical assistance disproportionate population adjustment shall comply with federal law at fully implemented rates. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. ~~For admissions occurring on or after the rate year beginning January 1, 1991, the disproportionate population adjustment shall be derived from base year Medicare cost report data and may be adjusted by data reflecting actual claims paid by the department.~~

~~(4)~~ Subd. 10. [SEPARATE BILLING BY CERTIFIED REGISTERED NURSE ANESTHETISTS.] Hospitals may exclude certified registered nurse anesthetist costs from the operating payment rate as allowed by section 256B.0625, subdivision 11. To be eligible, a hospital must notify the commissioner in writing by October 1 of the year preceding the rate year of the request to exclude certified registered nurse anesthetist costs. The hospital must agree that all hospital claims for the cost and charges of certified registered nurse anesthetist services will not be included as part of the rates for inpatient services provided during the rate year. In this case, the operating payment rate shall be adjusted to exclude the cost of certified registered nurse anesthetist services. Payments made through separate claims for certified registered nurse anesthetist services shall not be paid directly through the hospital provider number or indirectly by the certified registered nurse anesthetist to the hospital or related organizations.

For admissions occurring on or after July 1, 1991, and until the expiration date of section 256.9695, subdivision 3, services of certified registered nurse anesthetists provided on an inpatient basis may be paid as allowed by section 256B.0625, subdivision 11, when the hospital's base year did not include the cost of these services. To be eligible, a hospital must notify the commissioner in

writing by July 1, 1991, of the request and must comply with all other requirements of this subdivision.

~~(5)~~ Subd. 11. [SPECIAL RATES.] The commissioner may establish special rate-setting methodologies, including a per day operating and property payment system, for hospice, ventilator dependent, and other services on a hospital and recipient specific basis taking into consideration such variables as federal designation, program size, and admission from a medical assistance waiver or home care program. The data and rate calculation method shall conform to the requirements of ~~paragraph (7)~~ subdivision 13, except that rates shall not be standardized by the case mix index or adjusted by relative values and hospice rates shall not exceed the amount allowed under federal law ~~and payment shall be secondary to any other medical assistance hospice program~~. Rates and payments established under this ~~paragraph~~ subdivision must meet the requirements of section 256.9685, subdivisions 1 and 2~~, and must not exceed payments that would otherwise be made to a hospital in total for rate year admissions under subdivisions 2, 2b, 2c, 3, 4, 5, and 6~~. The cost and charges used to establish rates shall only reflect inpatient medical assistance covered services. Hospital and claims data that are used to establish rates under this ~~paragraph~~ subdivision shall not be used to establish payments or relative values under subdivisions 2, 2b, 2c, ~~3, 4, 5~~ 3a, 4a, 5a, and ~~6~~ 7 to 14.

~~(6)~~ Subd. 12. [REHABILITATION DISTINCT PARTS.] Units of hospitals that are recognized as rehabilitation distinct parts by the Medicare program shall have separate provider numbers under the medical assistance program for rate establishment and billing purposes only. These units shall also have operating and property payment rates and the disproportionate population adjustment, if allowed by federal law, established separately from other inpatient hospital services~~, based on the methods of subdivisions 2, 2b, 2c, 3, 4, 5, and 6~~. The commissioner may establish separate relative values under subdivision 2 for rehabilitation hospitals and distinct parts as defined by the Medicare program. For individual hospitals that did not have separate medical assistance rehabilitation provider numbers or rehabilitation distinct parts in the base year, hospitals shall provide the information needed to separate rehabilitation distinct part cost and claims data from other inpatient service data.

~~(7)~~ Subd. 13. [NEONATAL TRANSFERS.] For admissions occurring on or after July 1, 1989, neonatal diagnostic category transfers shall have operating and property payment rates established at receiving hospitals which have neonatal intensive care units on a per day payment system that is based on the cost finding methods and allowable costs of the Medicare program during the base year. Other neonatal diagnostic category transfers shall have rates established according to ~~paragraph (8)~~ subdivision 14. The rate per day for the neonatal service setting within the hospital shall be determined by dividing base year neonatal allowable costs by neonatal

patient days. The operating payment rate portion of the rate shall be adjusted by the hospital cost index and the disproportionate population adjustment. For admissions occurring after the transition period specified in section 256.9695, subdivision 3, the operating payment rate portion of the rate shall be standardized by the case mix index and adjusted by relative values. The cost and charges used to establish rates shall only reflect inpatient services covered by medical assistance. Hospital and claims data used to establish rates under this ~~paragraph~~ subdivision shall not be used to establish ~~payments or relative values~~ rates under subdivisions 2, 2b, 2c, ~~3, 4, 5~~ 3a, 4a, 5a, and ~~6~~ 7 to 14.

~~(8)~~ Subd. 14. [TRANSFERS.] Except as provided in ~~paragraphs (5)~~ subdivisions 11 and ~~(7)~~ 13, operating and property payment rates for admissions that result in transfers and transfers shall be established on a per day payment system. The per day payment rate shall be the sum of the adjusted operating and property payment rates determined ~~in~~ under this subdivision and subdivisions 2, 2b ~~and~~, 2c, 3a, 4a, 5a, and 7 to 12, divided by the arithmetic mean length of stay for the diagnostic category. Each admission that results in a transfer and each transfer is considered a separate admission to each hospital, and the total of the admission and transfer payments to each hospital must not exceed the total per admission payment that would otherwise be made to each hospital under ~~paragraph (2) and~~ this subdivision and subdivisions 2, 2b ~~and~~, 2c, 3a, 4a, 5a, and 7 to 13.

~~(b)~~ Subd. 15. [ROUTINE SERVICE COST LIMITATION; APPLICABILITY.] The computation of each hospital's payment rate and the relative values of the diagnostic categories are not subject to the routine service cost limitation imposed under the Medicare program.

~~(c)~~ Subd. 16. [INDIAN HEALTH SERVICE FACILITIES.] Indian health service facilities are exempt from the rate establishment methods required by this section and shall be reimbursed at ~~the facility's usual and customary~~ charges ~~to the general public~~ as limited to the amount allowed under federal law. This exemption is not effective for payments under general assistance medical care.

~~(d)~~ Subd. 17. [OUT-OF-STATE HOSPITALS IN LOCAL TRADE AREAS.] ~~Except as provided in paragraph (a), clauses (1) and (3),~~ Out-of-state hospitals that are located within a Minnesota local trade area shall have rates established using the same procedures and methods that apply to Minnesota hospitals. For this subdivision and subdivision 18, local trade area means a county contiguous to Minnesota. Hospitals that are not required by law to file information in a format necessary to establish rates shall have rates established based on the commissioner's estimates of the information. Relative values of the diagnostic categories shall not be redetermined under this ~~paragraph~~ subdivision until required by rule. Hospitals affected

by this ~~paragraph~~ subdivision shall then be included in determining relative values. However, hospitals that have rates established based upon the commissioner's estimates of information shall not be included in determining relative values. This ~~paragraph~~ subdivision is effective for hospital fiscal years beginning on or after July 1, 1988. A hospital shall provide the information necessary to establish rates under this ~~paragraph~~ subdivision at least 90 days before the start of the hospital's fiscal year.

~~(e)~~ Subd. 18. [OUT-OF-STATE HOSPITALS OUTSIDE LOCAL TRADE AREAS.] Hospitals that are not located within Minnesota or a Minnesota local trade area shall have operating and property rates established at the average of statewide and local trade area rates or, at the commissioner's discretion, at an amount negotiated by the commissioner. Relative values shall not include data from hospitals that have rates established under this ~~paragraph~~ subdivision. Payments, including third party and recipient liability, established under this ~~paragraph~~ subdivision may not exceed the charges on a claim specific basis for inpatient services that are covered by medical assistance.

~~(f)~~ Subd. 19. [METABOLIC DISORDER TESTING OF MEDICAL ASSISTANCE RECIPIENTS.] Medical assistance inpatient payment rates must include the cost incurred by hospitals to pay the department of health for metabolic disorder testing of newborns who are medical assistance recipients, if the cost is not recognized by another payment source.

~~(g)~~ Subd. 20. [INCREASES IN MEDICAL ASSISTANCE INPATIENT PAYMENTS; CONDITIONS.] (a) Medical assistance inpatient payments shall increase 20 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occurred between July 1, 1988, and December 31, 1990, if: (i) the hospital had 100 or fewer Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For this paragraph, medical assistance does not include general assistance medical care.

~~(h)~~ (b) Medical assistance inpatient payments shall increase 15 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occurred between July 1, 1988, and December 31, 1990, if: (i) the hospital had more than 100 but fewer than 250 Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of

the first class as defined in section 410.01. For this paragraph, medical assistance does not include general assistance medical care.

~~(i)~~ Subd. 21. [MENTAL HEALTH OR CHEMICAL DEPENDENCY ADMISSIONS; RATES.] Admissions occurring on or after July 1, 1990, that are classified to a diagnostic category of mental health or chemical dependency shall have rates established according to the methods of ~~paragraph (a), clause (8)~~ subdivision 14, except the per day rate shall be multiplied by a factor of 2, provided that the total of the per day rates shall not exceed the per admission rate. This methodology shall also apply when a hold or commitment is ordered by the court for the days that inpatient hospital services are medically necessary. Stays which are medically necessary for inpatient hospital services and covered by medical assistance shall not be billable to any other governmental entity. Medical necessity shall be determined under criteria established to meet the requirements of section 256B.04, subdivision 15, or 256D.03, subdivision 7, paragraph (b).

Sec. 21. Minnesota Statutes 1990, section 256.9695, subdivision 1, is amended to read:

Subdivision 1. [APPEALS.] A hospital may appeal a decision arising from the application of standards or methods under section 256.9685, 256.9686, or 256.969, if an appeal would result in a change to the hospital's payment rate or payments. Both overpayments and underpayments that result from the submission of appeals shall be implemented. Regardless of any appeal outcome, relative values shall not be recalculated. The appeal shall be heard by an administrative law judge according to sections ~~14.48~~ 14.57 to ~~14.56~~ 14.62, or upon agreement by both parties, according to a modified appeals procedure established by the commissioner and the office of administrative hearings. In any proceeding under this section, the appealing party must demonstrate by a preponderance of the evidence that the commissioner's determination is incorrect or not according to law.

(a) To appeal a payment rate or payment determination or a determination made from base year information, the hospital shall file a written appeal request to the commissioner within 60 days of the date the payment rate determination was mailed. The appeal request shall specify: (i) the disputed items; (ii) the authority in federal or state statute or rule upon which the hospital relies for each disputed item; and (iii) the name and address of the person to contact regarding the appeal. ~~A change to a payment rate or payments that results from a successful appeal to the Medicare program of the base year information establishing rates for the rate year beginning in 1991 and after is a prospective adjustment to subsequent rate years.~~ After December 31, 1990, payment rates shall not be adjusted for appeals of base year information that affect years prior to the rate year beginning January 1, 1991. Facts to be

considered in any appeal of base year information are limited to those in existence at the time the payment rates of the first rate year were established from the base year information. In the case of Medicare settled appeals, the 60-day appeal period shall begin on the mailing date of the notice by the Medicare program or the date the medical assistance payment rate determination notice is mailed, whichever is later.

(b) To appeal a payment rate or payment change that results from a difference in case mix between the base year and a rate year, the procedures and requirements of paragraph (a) apply. However, the appeal must be filed with the commissioner within 120 days after the end of a rate year. A case mix appeal must apply to the cost of services to all medical assistance patients that received inpatient services from the hospital during the rate year appealed.

Sec. 22. Minnesota Statutes 1990, section 256B.031, subdivision 4, is amended to read:

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 90 percent of the projected average 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~~ consult with an independent actuary ~~to establish~~ in establishing prepayment rates, but shall retain final control over the rate methodology. Rates established for prepaid health plans must be based on the services that the prepaid health plan provides under contract with the commissioner.

Sec. 23. Minnesota Statutes 1990, section 256B.031, is amended by adding a subdivision to read:

Subd. 11. [LIMITATION ON REIMBURSEMENT TO PROVIDERS NOT AFFILIATED WITH A PREPAID HEALTH PLAN.] A prepaid health plan may limit any reimbursement it may be required to pay to providers not employed by or under contract with the prepaid health plan to the medical assistance rates paid by the

commissioner of human services to providers for services to recipients not enrolled in a prepaid health plan.

Sec. 24. Minnesota Statutes 1990, section 256B.055, subdivision 10, is amended to read:

Subd. 10. [INFANTS.] Medical assistance may be paid for an infant less than one year of age ~~born on or after October 1, 1984~~, whose mother was eligible for and receiving medical assistance at the time of birth and who remains in the mother's household or who is in a family with countable income that is equal to or less than the income standard established under section 256B.057, subdivision 1. ~~Eligibility under this subdivision is concurrent with the mother's and does not depend on the father's income except as the income affects the mother's eligibility.~~

Sec. 25. Minnesota Statutes 1990, section 256B.055, subdivision 12, is amended to read:

Subd. 12. [DISABLED CHILDREN.] (a) A person is eligible for medical assistance if the person is under age 19 and qualifies as a disabled individual under United States Code, title 42, section 1382c(a), and would be eligible for medical assistance under the state plan if residing in a medical institution, and who requires a level of care provided in a hospital, skilled nursing facility, intermediate care facility, or intermediate care facility for persons with mental retardation or related conditions, for whom home care is appropriate, provided that the cost to medical assistance for home care services is not more than the amount that medical assistance would pay for appropriate institutional care.

(b) For purposes of this subdivision, "hospital" means an acute care institution as defined in section 144.696, subdivision 3, licensed pursuant to sections 144.50 to 144.58, which is appropriate if a person is technology dependent or has a chronic health condition which requires frequent intervention by a health care professional to avoid death.

(c) For purposes of this subdivision, "skilled nursing facility" and "intermediate care facility" means a facility which provides nursing care as defined in section 144A.01, subdivision 5, licensed pursuant to sections 144A.02 to 144A.10, which is appropriate if a person is in active restorative treatment; is in need of special treatments provided or supervised by a licensed nurse; or has unpredictable episodes of active disease processes requiring immediate judgment by a licensed nurse.

(d) For purposes of this subdivision, "intermediate care facility for the mentally retarded" or "ICF/MR" means a program licensed to provide services to persons with mental retardation under section 252.28, and chapter 245A, and a physical plant licensed as a

supervised living facility under chapter 144, which together are certified by the Minnesota department of health as meeting the standards in Code of Federal Regulations, title 42, part 483, for an intermediate care facility which provides services for persons with mental retardation or persons with related conditions who require 24-hour supervision and active treatment for medical, behavioral, or habilitation needs.

(e) For purposes of this subdivision, a person "requires a level of care provided in a hospital, skilled nursing facility, intermediate care facility, or intermediate care facility for persons with mental retardation or related conditions" if the person requires 24-hour supervision because the person exhibits suicidal or homicidal ideation or behavior, psychosomatic disorders or somatopsychic disorders that may become life threatening, severe socially unacceptable behavior associated with psychiatric disorder, psychosis or severe developmental problems requiring continuous skilled observation, or disabling symptoms that do not respond to office-centered outpatient treatment. The determination of the level of care needed by the child shall be made by the commissioner based on information supplied to the commissioner by the case manager if the child has one, the parent or guardian, the child's physician or physicians or, if available, the screening information obtained under section 256B.092.

Sec. 26. Minnesota Statutes 1990, section 256B.057, subdivision 1, is amended to read:

Subdivision 1. [PREGNANT WOMEN AND INFANTS.] An infant less than one year of age or a pregnant woman who has written verification of a positive pregnancy test from a physician or licensed registered nurse, is eligible for medical assistance if countable family income is equal to or less than 185 percent of the federal poverty guideline for the same family size. Eligibility for a pregnant woman or infant less than one year of age under this subdivision must be determined without regard to asset standards established in section 256B.056, subdivision 3. ~~Adjustments in the income limits due to annual changes in the federal poverty guidelines shall be implemented the first day of July following publication of the changes.~~ An infant born on or after January 1, 1991, to a woman who was eligible for and receiving medical assistance on the date of the child's birth shall continue to be eligible for medical assistance without redetermination until the child's first birthday, as long as the child remains in the woman's household.

Sec. 27. Minnesota Statutes 1990, section 256B.057, subdivision 2, is amended to read:

Subd. 2. [CHILDREN.] A child one through five years of age in a family whose countable income is less than 133 percent of the federal poverty guidelines for the same family size, is eligible for

medical assistance. A child six through ~~seven~~ 18 years of age, who was born after September 30, 1983, in a family whose countable income is less than 100 percent of the federal poverty guidelines for the same family size is eligible for medical assistance. Eligibility for children under this subdivision must be determined without regard to asset standards established in section 256B.056, subdivision 3. ~~Adjustments in the income limits due to annual changes in the federal poverty guidelines shall be implemented the first day of July following publication of the changes.~~

Sec. 28. Minnesota Statutes 1990, section 256B.057, subdivision 3, is amended to read:

Subd. 3. [QUALIFIED MEDICARE BENEFICIARIES.] A person who is entitled to Part A Medicare benefits, whose income is equal to or less than 85 percent of the federal poverty guidelines, and whose assets are no more than twice the asset limit used to determine eligibility for the supplemental security income program, is eligible for medical assistance reimbursement of Part A and Part B premiums, Part A and Part B coinsurance and deductibles, and cost-effective premiums for enrollment with a health maintenance organization or a competitive medical plan under section 1876 of the Social Security Act. The income limit shall be increased to 90 percent of the federal poverty guidelines on January 1, 1990; and to ~~95~~ 100 percent on January 1, 1991; ~~and to 100 percent on January 1, 1992~~. Reimbursement of the Medicare coinsurance and deductibles, when added to the amount paid by Medicare, must not exceed the total rate the provider would have received for the same service or services if the person were a medical assistance recipient with Medicare coverage. ~~Adjustments in the income limits due to annual changes in the federal poverty guidelines shall be implemented the first day of July following publication of the changes.~~ Increases in benefits under Title II of the Social Security Act shall not be counted as income for purposes of this subdivision until the first day of the second full month following publication of the change in the federal poverty guidelines.

Sec. 29. Minnesota Statutes 1990, section 256B.057, subdivision 4, is amended to read:

Subd. 4. [QUALIFIED WORKING DISABLED ADULTS.] A person who is entitled to Medicare Part A benefits under section 1818A of the Social Security Act; whose income does not exceed 200 percent of the federal poverty guidelines for the applicable family size; whose nonexempt assets do not exceed twice the maximum amount allowable under the supplemental security income program, according to family size; and who is not otherwise eligible for medical assistance, is eligible for medical assistance reimbursement of the Medicare Part A premium. ~~Adjustments in the income limits due to annual changes in the federal poverty guidelines shall be implemented the first day of July following publication of the changes.~~

Sec. 30. Minnesota Statutes 1990, section 256B.057, is amended by adding a subdivision to read:

Subd. 6. [DISABLED WIDOWS AND WIDOWERS.] A person who is at least 50 years old who is entitled to disabled widow's or widower's benefits under United States Code, title 42, section 402(e) or (f), who is not entitled to Medicare Part A, and who received supplemental security income or Minnesota supplemental aid in the month before the month the widow's or widower's benefits began, is eligible for medical assistance as long as the person would be entitled to supplemental security income or Minnesota supplemental aid in the absence of the widow's or widower's benefits.

Sec. 31. Minnesota Statutes 1990, section 256B.0575, is amended to read:

256B.0575 [AVAILABILITY OF INCOME FOR INSTITUTIONALIZED PERSONS.]

When an institutionalized person is determined eligible for medical assistance, the income that exceeds the deductions in paragraphs (a) and (b) must be applied to the cost of institutional care.

(a) The following amounts must be deducted from the institutionalized person's income in the following order:

(1) the personal needs allowance under section 256B.35 or, for a veteran who does not have a spouse or child, the amount of his or her veteran's pension not exceeding $90 per month;

(2) the personal allowance for disabled individuals under section 256B.36;

(3) if the institutionalized person has a legally-appointed guardian or conservator, five percent of the recipient's gross monthly income up to $100 as reimbursement for guardianship or conservatorship services;

(4) a monthly income allowance determined under section 256B.058, subdivision 2, but only to the extent income of the institutionalized spouse is made available to the community spouse;

(5) a monthly allowance for children under age 18 which, together with the net income of the children, would provide income equal to the medical assistance standard for families and children according to section 256B.056, subdivision 4, for a family size that includes only the minor children. This deduction applies only if the children do not live with the community spouse and only if the children resided with the institutionalized person immediately prior to admission;

(6) a monthly family allowance for other family members, equal to one-third of the difference between 122 percent of the federal poverty guidelines and the monthly income for that family member; ~~and~~

(7) reparations payments made by the Federal Republic of Germany; and

(8) amounts for reasonable expenses incurred for necessary medical or remedial care for the institutionalized spouse that are not medical assistance covered expenses and that are not subject to payment by a third party.

For purposes of clause (6), "other family member" means a person who resides with the community spouse and who is a minor or dependent child, dependent parent, or dependent sibling of either spouse. "Dependent" means a person who could be claimed as a dependent for federal income tax purposes under the Internal Revenue Code.

(b) Income shall be allocated to an institutionalized person 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:

(1) a physician certifies that the person is expected to reside in the long-term care facility for three calendar months or less;

(2) if the person has expenses of maintaining a residence in the community; and

(3) if one of the following circumstances apply:

(i) the person was not living together with a spouse or a family member as defined in paragraph (a) when the person entered a long-term care facility; or

(ii) the person and the person's spouse become institutionalized on the same date, in which case the allocation shall be applied to the income of one of the spouses.

For purposes of this paragraph, a person is determined to be residing in a licensed nursing home, regional treatment center, or medical institution if the person is expected to remain for a period of one full calendar month or more.

Sec. 32. Minnesota Statutes 1990, section 256B.0625, subdivision 4, is amended to read:

Subd. 4. [OUTPATIENT AND PHYSICIAN-DIRECTED CLINIC SERVICES.] Medical assistance covers outpatient hospital or physician-directed clinic services. The physician-directed clinic staff

shall include at least two physicians and all services shall be provided under the direct supervision of a physician. 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 14.001 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.

Sec. 33. Minnesota Statutes 1990, section 256B.0625, is amended by adding a subdivision to read:

Subd. 4a. [SECOND MEDICAL OPINION FOR SURGERY.] Certain surgeries require a second medical opinion to confirm the necessity of the procedure, in order for reimbursement to be made. The commissioner shall publish in the State Register a list of surgeries that require a second medical opinion and the criteria and standards for deciding whether a surgery should require a second medical 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 about whether a second medical opinion is required, made according to rules governing that decision, is not subject to administrative appeal.

Sec. 34. Minnesota Statutes 1990, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, or by a physician enrolled in the medical assistance program as a dispensing physician. The commissioner shall designate a formulary committee to advise the commissioner on the

names of drugs for which payment is 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~~ shall 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. The formulary committee shall review and recommend drugs which require prior authorization. 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, products for the treatment of lice, and vitamins for children under the age of seven and pregnant or nursing women; 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,~~ drug formulary committee 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.

(b) 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 multisource 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 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 legend drug 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. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. 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 - brand medically necessary" on the prescription as required by section 151.21, subdivision 2. Implementation of any change in the fixed dispensing fee that has not been subject to the administrative procedure act is limited to not more than 180 days, unless, during that time, the commissioner initiates rulemaking through the administrative procedure act.

Sec. 35. Minnesota Statutes 1990, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. [TRANSPORTATION COSTS.] (a) Medical assistance covers 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 subdivision, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory.

(b) Medical assistance covers special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, item F, if the provider receives and maintains a current physician's order by the recipient's attending physician. The commissioner shall establish maximum medical assistance reimbursement rates for special transportation services for persons who need a wheelchair lift van or stretcher-equipped vehicle and for those who do not need a wheelchair lift van or stretcher-equipped vehicle. The average of these two rates must not exceed $12.50 for the base rate and 80 cents per mile. Special transportation provided to nonambulatory persons who do not need a wheelchair lift van or stretcher-equipped vehicle, may be reimbursed at a lower rate than special transportation provided to persons who need a wheelchair lift van or stretcher-equipped vehicle.

Sec. 36. Minnesota Statutes 1990, section 256B.0625, subdivision 19, is amended to read:

Subd. 19. [PERSONAL CARE ASSISTANTS.] Medical assistance covers personal care 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 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. The commissioner shall not provide an annual inflation adjustment for the fiscal year ending June 30, 1993.

Sec. 37. Minnesota Statutes 1990, section 256B.0625, subdivision 24, is amended to read:

Subd. 24. [OTHER MEDICAL OR REMEDIAL CARE.] Medical assistance covers any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law, except chiropractic services in excess of 18 visits per year, and 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~~ chapter 254B. 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~~ chapter 254B. 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.

Sec. 38. Minnesota Statutes 1990, section 256B.0625, subdivision 25, is amended to read:

Subd. 25. [~~SECOND OPINION OR~~ PRIOR AUTHORIZATION REQUIRED.] 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 14.001 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. 39. Minnesota Statutes 1990, section 256B.0625, subdivision 28, is amended to read:

Subd. 28. [CERTIFIED ~~PEDIATRIC OR FAMILY~~ NURSE PRACTITIONER SERVICES.] Medical assistance covers services performed by a certified pediatric nurse practitioner ~~or~~, a certified family nurse practitioner, a certified adult nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if the services are otherwise covered under this chapter as a physician service, and if the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171.

Sec. 40. Minnesota Statutes 1990, section 256B.0625, subdivision 30, is amended to read:

Subd. 30. [OTHER CLINIC SERVICES.] (a) Medical assistance covers rural health clinic services, federally qualified health center services, ~~and~~ nonprofit community health clinic services, public health clinic services, and the services of a clinic meeting the criteria established in rule by the commissioner. Rural health clinic services and federally qualified health center services mean services defined in United States Code, title 42, section 1396d(a)(2)(B) and (C). Payment for rural health clinic and federally qualified health center services shall be made according to applicable federal law and regulation.

(b) A federally qualified health center that is beginning initial operation shall submit an estimate of budgeted costs and visits for the initial reporting period in the form and detail required by the commissioner. A federally qualified health center that is already in operation shall submit an initial report using actual costs and visits for the initial reporting period. Within 90 days of the end of its reporting period, a federally qualified health center shall submit, in the form and detail required by the commissioner, a report of its operations, including allowable costs actually incurred for the period and the actual number of visits for services furnished during the period, and other information required by the commissioner.

Federally qualified health centers that file Medicare cost reports shall provide the commissioner with a copy of the most recent Medicare cost report filed with the Medicare program intermediary for the reporting year which support the costs claimed on their cost report to the state.

Sec. 41. Minnesota Statutes 1990, section 256B.08, is amended by adding a subdivision to read:

Subd. 3. [OUTREACH LOCATIONS.] The local agency must establish locations, other than those used to process applications for cash assistance, to receive and perform initial processing of applications for pregnant women and children who want medical assistance only. At a minimum, these locations must be in federally qualified health centers and in hospitals that receive disproportionate share adjustments under section 256.969, subdivision 8, except that hospitals located outside of this state that receive the disproportionate share adjustment are not included. Initial processing of the application need not include a final determination of eligibility. Local agencies shall designate a person or persons within the agency who will receive the applications taken at an outreach location and the local agency will be responsible for timely determination of eligibility.

Sec. 42. Minnesota Statutes 1990, section 256B.091, subdivision 8, is amended to read:

Subd. 8. [ALTERNATIVE CARE GRANTS.] (a) The commissioner shall provide funds to counties participating in the program to pay costs of providing alternative care to individuals screened under subdivision 4 and nursing home or boarding care home residents who request a screening.

(b) Prior to July of each year, the commissioner shall allocate state funds available for alternative care grants to each local agency.

(c) For fiscal year 1991 only, the appropriation shall be distributed as specified in paragraphs (1) and (2).

(1) Sufficient state funds shall be set aside for payment for unreimbursed services provided prior to April 1, 1990, as billed by each county by June 1, 1990.

(2) The remainder of the state funds available for alternative care grants must be allocated to each county in the same proportion as each county's share of the actual payments made plus claims submitted for services rendered in the base year. The base year for each county shall be either fiscal year 1989 or calendar year 1989, whichever period contains a larger total dollar amount of payments plus claims submitted for each county. To be counted in the alloca-

tion process, claims must be submitted by June 1, 1990. This allocation will include the state share for medical assistance recipients as well as the state share for those who would be eligible within 180 days after nursing home admission. No reallocation between counties will be made. The county agency shall not be reimbursed for services which exceed the county allocation. To receive reimbursement for persons who are eligible within 180 days, the county must submit invoices within 90 days following the month of service. The number of medical assistance waiver recipients which each county may serve is allocated according to the number of open medical assistance waiver cases on July 1, 1990. Additional recipients may be served with the approval of the commissioner. These additional recipients must be served within the county's allocation.

(d) The alternative care grant appropriation for fiscal years 1992 and beyond shall cover only individuals who would be eligible for medical assistance within 180 days after admission to a nursing home. The commissioner shall allocate state funds available for alternative care grants to each county agency. The allocation must be made as follows: the state funds available for alternative care grants, up to the amount of the previous year's allocation increased by the percentage for rates in Minnesota Rules, part 9505.2490, must be allocated to each county in the same proportion as the previous year's allocation. If the appropriation is less than the previous year's allocation plus inflation, it shall be prorated according to the county's share of the formula. Any funds appropriated in excess of the previous year's allocation plus inflation shall be allocated to county agencies by methodologies that target funds for programs designed to reduce premature nursing home placements and promote cost-effective alternatives to increasing nursing home beds and nursing home utilization. The additional allocation to counties will become part of the allocation base. No percentage inflationary increase based on Minnesota Rules, part 9505.2490, may be provided for the fiscal year ending June 30, 1993. The commissioner shall appoint a work group including county and senior representatives to assist in developing criteria for allocating funds which may include identifying special target populations, geographic areas, or projects. No reallocation between counties shall be made. The county agency shall not be reimbursed for services which exceed the county allocation. To receive reimbursement, the county must submit invoices within 90 days following the date of service. The number of medical assistance waiver recipients which a county may serve must be allocated according to the number of open medical assistance waiver cases on July 1 of each fiscal year. Additional recipients may be served with the approval of the commissioner.

(e) The commissioner is directed to conduct a review of the preadmission screening program and alternative care grant program including screening requirements, screening reimbursement,

program effectiveness, eligibility criteria for alternative care, accessibility to services, copayment and sliding fee issues, county utilization, rates for services, the payment system, funding and forecasting issues, administrative requirements, incentives for innovation, improved consistency with the community assistance for disabled individuals program and medical assistance home care services, and the allocation formula. In conducting this review, special attention should be given to ways to increase sliding fee collections and reduce or minimize administrative and program requirements and associated county costs. The commissioner shall appoint a work group including county and senior citizen representatives to assist in the program review. The commissioner must present a report on the findings of the review and recommendations for change to the legislature by February 15, 1991.

(f) Payment is available under this subdivision only for individuals (1) for whom the screening team would recommend nursing home or boarding care home admission, or continued stay if alternative care were not available; (2) who are receiving medical assistance or who would be eligible for medical assistance within 180 days of admission to a nursing home; (3) who need services that are not available at that time in the county through other public assistance; and (4) who are age 65 or older.

(g) The commissioner shall establish by rule, in accordance with chapter 14, procedures for determining limits on the rates for payment of approved services, including screenings, and submittal and approval of a biennial county plan for the administration of the preadmission screening and alternative care grants program.

(h) Grants may be used for payment of costs of providing care-related supplies, equipment, and the following services: adult foster care, adult day care, home health aide, homemaker, personal care, case management, and respite care. These services must be provided by a licensed health care provider, a home health service eligible for reimbursement under Titles XVIII and XIX of the federal Social Security Act, or by persons employed by or contracted with by the county board or the local welfare agency.

(i) The county agency shall ensure that a plan of care is established for each individual in accordance with subdivision 3, clause (e)(2), and that a client's service needs and eligibility is reassessed at least every six months. The plan shall include any services prescribed by the individual's attending physician as necessary and follow up services as necessary. The county agency shall provide documentation to the commissioner verifying that the individual's alternative care is not available at that time through any other public assistance or service program and shall provide documentation in each individual's plan of care and to the commissioner that the most cost-effective alternatives available have been offered to the individual and that the individual was free to choose among avail-

able qualified providers, both public and private. The county agency shall document to the commissioner that the agency made reasonable efforts to inform potential providers of the anticipated need for services under the alternative care grants program, including a minimum of 14 days written advance 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, and that the agency allowed potential providers an opportunity to be selected to contract with the county board. Grants to counties under this subdivision are subject to audit by the commissioner for fiscal and utilization control.

(j) 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.

(k) 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.

(l) The commissioner shall establish a sliding fee schedule for requiring payment for the cost of providing services under this subdivision to persons who are eligible for the services but who are not yet eligible for medical assistance. The sliding fee schedule is not subject to chapter 14 but the commissioner shall publish the schedule and any later changes in the State Register and allow a period of 20 working days from the publication date for interested persons to comment before adopting the sliding fee schedule in final forms.

(m) The commissioner shall apply for a waiver for federal financial participation to expand the availability of services under this subdivision. Waivered services provided to medical assistance recipients must comply with the same criteria as defined in this section and in the approved waiver. Reimbursement for the medical assistance recipients shall be made from the regular medical assistance account. The commissioner shall provide grants to counties from the nonfederal share, unless the commissioner obtains a federal waiver for medical assistance payments, of medical assistance appropriations. A county agency may use grant money to supplement but not supplant services available through other public assistance or service programs and shall not use grant money to establish new programs for which public money is available through sources other than grants provided under this subdivision. A county agency shall not use grant money to provide care under this subdivision to an individual if the anticipated cost of providing this care would exceed the average payment, as determined by the commissioner, for the level of care that the recipient would receive if placed in a nursing home or boarding care home. The nonfederal share may be used to pay up to 90 percent of the start-up and service delivery costs of providing care under this subdivision. The state share of the nonfederal portion of costs shall be 90 percent and the county share shall be ten percent. Each county agency that receives a grant shall pay ten percent of the costs for persons who are eligible for the services but who are not yet eligible for medical assistance.

(n) Beginning July 1, 1991, the state will reimburse counties according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision from January 1, 1991, on, for individuals who are receiving medical assistance.

(o) Beginning July 1, 1991, the state will reimburse counties, up to the limit of state appropriations, according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision from January 1, 1991, on, for individuals who would be eligible for medical assistance within 180 days of admission to a nursing home.

(p) The commissioner shall promulgate emergency rules in accordance with sections 14.29 to 14.36, to establish required documentation and reporting of care delivered.

Sec. 43. Minnesota Statutes 1990, section 256B.19, subdivision 1, is amended to read:

Subdivision 1. [DIVISION OF COST.] The ~~cost~~ state and county share of medical assistance ~~paid by each county of financial responsibility~~ costs not paid by federal funds shall be ~~borne~~ as follows:

(1) ninety percent ~~of the expense of assistance not paid by federal funds available for that purpose shall be paid by the~~ state funds and

ten percent ~~shall be paid by the~~ county ~~of financial responsibility~~ funds, unless otherwise provided below;

(2) beginning January 1, 1992, zero percent state funds and 100 percent county funds for the cost of placement of severely emotionally disturbed children in regional treatment centers.

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.

~~Beginning July 1, 1991, the state will reimburse counties according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision from January 1, 1991, on. Payment to counties under this subdivision is subject to the provisions of section 256.017.~~

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, and referral for treatment by the prepaid health plan is the responsibility of the county of financial responsibility.

Sec. 44. Minnesota Statutes 1990, section 256B.19, is amended by adding a subdivision to read:

Subd. 1a. [STATE REIMBURSEMENT OF COUNTIES.] Beginning July 1, 1991, the state will reimburse counties according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision on and after January 1, 1991, except for costs described in subdivision 1, clause (2). Payment to counties under this subdivision is subject to the provisions of section 256.017.

Sec. 45. Minnesota Statutes 1990, section 256B.19, is amended by adding a subdivision to read:

Subd. 2c. [OBLIGATION OF LOCAL AGENCY TO INVESTIGATE AND DETERMINE ELIGIBILITY FOR MEDICAL ASSISTANCE.] (a) When the commissioner receives information that indicates that a general assistance medical care recipient or children's health plan enrollee may be eligible for medical assistance, the commissioner may notify the appropriate local agency of that fact. The local agency must investigate eligibility for medical assistance and take appropriate action and notify the commissioner of that action within 90 days from the date notice is issued. If the

person is eligible for medical assistance, the local agency must find eligibility retroactively to the date on which the person met all eligibility requirements.

(b) When a prepaid health plan under a contract with the state to provide medical assistance services notifies the commissioner that an infant has been or will be born to an enrollee under the contract, the commissioner may notify the appropriate local agency of that fact. The local agency must investigate eligibility for medical assistance for the infant, take appropriate action, and notify the commissioner of that action within 90 days from the date notice is issued. If the infant would have been eligible on the date of birth, the local agency must establish eligibility retroactively to that month.

(c) For general assistance medical care recipients and children's health plan enrollees, if the local agency fails to comply with paragraph (a), the local agency is responsible for the entire cost of general assistance medical care or children's health plan services provided from the date the commissioner issues the notice until the date the local agency takes appropriate action on the case and notifies the commissioner of the action. For infants, if the local agency fails to comply with paragraph (b), the commissioner may determine eligibility for medical assistance for the infant for a period of two months, and the local agency shall be responsible for the entire cost of medical assistance services provided for that infant, in addition to a fee of $100 for processing the case. The commissioner shall deduct any obligation incurred under this paragraph from the amount due to the local agency under subdivision 1.

Sec. 46. Minnesota Statutes 1990, section 256B.431, subdivision 2l, is amended to read:

Subd. 2l. [INFLATION ADJUSTMENTS AFTER JULY 1, 1990.] For rate years beginning on or after July 1, 1990, the forecasted composite price index for a nursing home's allowable operating cost per diems shall be determined using Data Resources, Inc., forecast for change in the Nursing Home Market Basket. The commissioner of human services shall use the indices as forecasted by Data Resources, Inc., in the fourth quarter of the calendar year preceding the rate year.

(b) For rate years beginning on or after July 1, 1992, the commissioner shall index the prior year's operating cost limits by the percentage change in the Data Resources Inc. Nursing home Market Basket between the midpoint of the current report year and the midpoint of the previous report year. The commissioner of human services shall use the indices as forecasted by Data Resources Inc., in the fourth quarter of the calendar year preceding the rate year.

Sec. 47. Minnesota Statutes 1990, section 256B.431, subdivision 3e, is amended to read:

Subd. 3e. [HOSPITAL-ATTACHED CONVALESCENT AND NURSING CARE FACILITIES.] If a nonprofit or community-operated hospital and attached convalescent and nursing care facility suspend operation of the hospital, the surviving nursing care facility must be allowed to continue its status as a hospital-attached convalescent and nursing care facility for reimbursement purposes in three subsequent rate years. A community-operated hospital and attached convalescent and nursing care facility with 40 beds as of April 21, 1991, that suspended operation of the hospital in April 1986, may continue its status as a hospital-attached convalescent and nursing care facility for reimbursement purposes, for rate years beginning on or after July 1, 1991, provided that group 3 limits are used for purposes of determining any efficiency incentive.

Sec. 48. Minnesota Statutes 1990, section 256B.431, subdivision 3f, is amended to read:

Subd. 3f. [PROPERTY COSTS AFTER JULY 1, 1988.] (a) [INVESTMENT PER BED LIMIT.] For the rate year beginning July 1, 1988, the replacement-cost-new per bed limit must be $32,571 per licensed bed in multiple bedrooms and $48,857 per licensed bed in a single bedroom. For the rate year beginning July 1, 1989, the replacement-cost-new per bed limit for a single bedroom must be $49,907 adjusted according to Minnesota Rules, part 9549.0060, subpart 4, item A, subitem (1). Beginning January 1, 1990, the replacement-cost-new per bed limits must be adjusted annually as specified in Minnesota Rules, part 9549.0060, subpart 4, item A, subitem (1). Beginning January 1, 1991, the replacement-cost-new per bed limits will be adjusted annually as specified in Minnesota Rules, part 9549.0060, subpart 4, item A, subitem (1), except that the index utilized will be the Bureau of the Census: Composite fixed-weighted price index as published in the Survey of Current Business.

(b) [RENTAL FACTOR.] For the rate year beginning July 1, 1988, the commissioner shall increase the rental factor as established in Minnesota Rules, part 9549.0060, subpart 8, item A, by 6.2 percent rounded to the nearest 100th percent for the purpose of reimbursing nursing homes for soft costs and entrepreneurial profits not included in the cost valuation services used by the state's contracted appraisers. For rate years beginning on or after July 1, 1989, the rental factor is the amount determined under this paragraph for the rate year beginning July 1, 1988.

(c) [OCCUPANCY FACTOR.] For rate years beginning on or after July 1, 1988, in order to determine property-related payment rates under Minnesota Rules, part 9549.0060, for all nursing homes except those whose average length of stay in a skilled level of care

within a nursing home is 180 days or less, the commissioner shall use 95 percent of capacity days. For a nursing home whose average length of stay in a skilled level of care within a nursing home is 180 days or less, the commissioner shall use the greater of resident days or 80 percent of capacity days but in no event shall the divisor exceed 95 percent of capacity days.

(d) [EQUIPMENT ALLOWANCE.] For rate years beginning on July 1, 1988, and July 1, 1989, the commissioner shall add ten cents per resident per day to each nursing home's property-related payment rate. The ten-cent property-related payment rate increase is not cumulative from rate year to rate year. For the rate year beginning July 1, 1990, the commissioner shall increase each nursing home's equipment allowance as established in Minnesota Rules, part 9549.0060, subpart 10, by ten cents per resident per day. For rate years beginning on or after July 1, 1991, the adjusted equipment allowance must be adjusted annually for inflation as in Minnesota Rules, part 9549.0060, subpart 10, item E.

(e) [POST CHAPTER 199 RELATED-ORGANIZATION DEBTS AND INTEREST EXPENSE.] For rate years beginning on or after July 1, 1990, Minnesota Rules, part 9549.0060, subpart 5, item E, shall not apply to outstanding related organization debt incurred prior to May 23, 1983, provided that the debt was an allowable debt under Minnesota Rules, parts 9510.0010 to 9510.0480, the debt is subject to repayment through annual principal payments, and the nursing home demonstrates to the commissioner's satisfaction that the interest rate on the debt was less than market interest rates for similar arms-length transactions at the time the debt was incurred. If the debt was incurred due to a sale between family members, the nursing home must also demonstrate that the seller no longer participates in the management or operation of the nursing home. Debts meeting the conditions of this paragraph are subject to all other provisions of Minnesota Rules, parts 9549.0010 to 9549.0080.

(f) [BUILDING CAPITAL ALLOWANCE FOR NURSING HOMES WITH OPERATING LEASES.] For rate years beginning on or after July 1, 1990, a nursing home with operating lease costs incurred for the nursing home's buildings shall receive its building capital allowance computed in accordance with Minnesota Rules, part 9549.0060, subpart 8.

Sec. 49. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 3k. [PROPERTY COSTS FOR THE RATE YEARS BEGINNING JULY 1, 1991 AND JULY 1, 1992.] Notwithstanding Minnesota Rules, part 9549.0060, subpart 13, item H, for rate years beginning July 1, 1991 and July 1, 1992, the commissioner shall determine property-related payment rates for nursing homes as provided under subdivision 3i.

Sec. 50. Minnesota Statutes 1990, section 256B.49, is amended by adding a subdivision to read:

Subd. 4. [INFLATION ADJUSTMENT.] For the fiscal year ending June 30, 1993, the commissioner of human services shall not provide an annual inflation adjustment for home and community-based waivered services.

Sec. 51. Minnesota Statutes 1990, section 256B.50, subdivision 1d, is amended to read:

Subd. 1d. [EXPEDITED APPEAL REVIEW PROCESS.] (a) Within 120 days of the date an appeal is due according to subdivision 1b, the department shall review an appealed adjustment equal to or less than $100 annually per licensed bed of the provider, make a determination concerning the adjustment, and notify the provider of the determination. Except as allowed in paragraph (g), this review does not apply to an appeal of an adjustment made to, or proposed on, an amount already paid to the provider. In this subdivision, an adjustment is each separate disallowance, allocation, or adjustment of a cost item or part of a cost item as submitted by a provider according to forms required by the commissioner.

(b) For an item on which the provider disagrees with the results of the determination of the department made under paragraph (a), the provider may, within 60 days of the date of the review notice, file with both the office of administrative hearings and the department its written argument and documents, information, or affidavits in support of its appeal. If the provider fails to make ~~a submission~~ timely submissions in accordance with this paragraph, the department's determinations on the disputed items must be upheld.

(c) Within 60 days of the date the department received the provider's submission under paragraph (b), the department may file with the office of administrative hearings and serve upon the provider its written argument and documents, information, and affidavits in support of its determination. If the department fails to make a submission in accordance with this paragraph, the administrative law judge shall proceed pursuant to paragraph (d) based on the provider's submission.

(d) Upon receipt by the office of administrative hearings of the department's submission made under paragraph (c) or upon the expiration of the 60-day filing period, whichever is earlier, the chief administrative law judge shall assign the matter to an administrative law judge. The administrative law judge shall consider the submissions of the parties and all relevant rules, statutes, and case law. The administrative law judge may request additional argument from the parties if it is deemed necessary to reach a final decision, but shall not allow witnesses to be presented or discovery to be made in the proceeding. Within 60 days of receipt by the office of

administrative hearings of the department's submission or the expiration of the 60-day filing period in paragraph (c), whichever is earlier, the administrative law judge shall make a final decision on the items in issue, and shall notify the provider and the department by first-class mail of the decision on each item. The decision of the administrative law judge is the final administrative decision, is not appealable, and does not create legal precedent, except that the department may make an adjustment contrary to the decision of the administrative law judge based upon a subsequent cost report amendment or field audit that reveals information relating to the adjustment that was not known to the department at the time of the final decision.

(e) For a disputed item otherwise subject to the review set forth in this subdivision, the department and the provider may mutually agree to bypass the expedited review process and proceed to a contested case hearing at any time prior to the time for the department's submission under paragraph (c).

(f) When the department determines that ~~the appeals of two or more providers otherwise~~ an appeal item subject to the review set forth in this subdivision ~~present~~ presents the same or substantially the same adjustment~~,~~ presented in another appeal filed pursuant to this chapter, the department may remove the disputed items from the review in this subdivision, and the disputed items shall proceed in accordance with subdivision 1c. The department's decision to remove the appealed adjustments to contested case proceeding is final and is not reviewable.

(g) For a disputed item otherwise subject to the review in this subdivision, the department or a provider may petition the chief administrative law judge to issue an order allowing the petitioning party to bypass the expedited review process. If the petition is granted, the disputed item must proceed in accordance with subdivision 1c. In making the determination, the chief administrative law judge shall consider the potential impact and precedential and monetary value of the disputed item. A petition for removal to contested case hearing must be filed with the chief administrative law judge and the opposing party on or before the date on which its submission is due under paragraph (b) or (c). Within 20 days of receipt of the petition, the opposing party may submit its argument opposing the petition. Within 20 days of receipt of the argument opposing the petition, or if no argument is received, within 20 days of the date on which the argument was due, the chief administrative law judge shall issue a decision granting or denying the petition. If the petition is denied, the petitioning party has 60 days from the date of the denial to make a submission under paragraph (b) or (c).

(h) The department and a provider may mutually agree to use the procedures set forth in this subdivision for any disputed item not otherwise subject to this subdivision.

(i) Nothing shall prevent either party from making its submissions and arguments under this subdivision through a person who is not an attorney.

(j) This subdivision applies to all appeals for rate years beginning after June 30, 1988.

Sec. 52. Minnesota Statutes 1990, section 256B.501, subdivision 3g, is amended to read:

Subd. 3g. [ASSESSMENT OF RESIDENTS.] For rate years beginning on or after October 1, ~~1990~~ 1993, the commissioner shall establish program operating cost rates for care of residents in facilities that take into consideration service characteristics of residents in those facilities. To establish the service characteristics of residents, the quality assurance and review teams in the department of health shall assess all residents annually beginning January 1, 1989, using a uniform assessment instrument developed by the commissioner. This instrument shall include assessment of the client's behavioral needs, integration into the community, ability to perform activities of daily living, medical and therapeutic needs, and other relevant factors determined by the commissioner. The commissioner may adjust the program operating cost rates of facilities based on a comparison of client service characteristics, resource needs, and costs. The commissioner may adjust a facility's payment rate during the rate year when accumulated changes in the facility's average service units exceed the minimums established in the rules required by subdivision 3j.

Each facility's interdisciplinary team shall continue to assess each new admission to the facility. The quality assurance and review teams in the department of health shall continue to assess all residents annually. The quality assurance and review teams and the interdisciplinary team shall assess all residents using a uniform assessment instrument developed by the commissioner and the ICF/MR reimbursement and quality assurance and review manual. Beginning with the reporting year which ends December 31, 1991, the commissioner shall annually collect client statistical data based on assessments performed by the quality assurance and review teams and by the interdisciplinary team on annual cost reports submitted by the facility and may use this data in the calculation of program operating costs payment rates after October 1, 1993.

Sec. 53. Minnesota Statutes 1990, 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 very dependent persons with special needs in an amount in excess of the rates

allowed pursuant to subdivisions 2 and 4, 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~~ approved by the commissioner after June 30, 1991, 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.~~:

(1) the need for specific level of service is documented in the individual service plan of the person to be served;

(2) the level of service needed can be provided within the rates established under section 252.46 and Minnesota Rules, parts 9553.0010 to 9553.0080, without a rate exception within 12 months;

(3) staff hours beyond those available under the rates established under section 252.46 and Minnesota Rules, parts 9553.0010 to 9553.0080, necessary to deliver services do not exceed 720 hours within six months;

(4) there is a basis for the estimated cost of services;

(5) the provider requesting the exception documents that current per diem rates are insufficient to support needed services;

(6) estimated costs, when added to the costs of current medical assistance-funded residential and day training and habilitation services and calculated as a per diem, do not exceed the per diem established for the regional treatment centers for persons with mental retardation and related conditions on July 1, 1990, indexed annually by the urban consumer price index, all items, published by the United States Department of Labor, for the next fiscal year over the current fiscal year;

(7) any contingencies for an approval as outlined in writing by the commissioner are met; and

(8) any commissioner orders for use of preferred providers are met.

The commissioner shall evaluate the services provided pursuant to this subdivision through program and fiscal audits.

The commissioner may terminate the rate exception at any time under any of the conditions outlined in Minnesota Rules, part 9510.1120, subpart 3, for county termination, or by reason of information obtained through program and fiscal audits which

indicate the criteria outlined in this subdivision have not been, or are no longer being, met. The commissioner may approve no more than two consecutive six-month rate exceptions for an eligible client whose first application for funding occurs after June 30, 1991.

Sec. 54. Minnesota Statutes 1990, section 256B.501, subdivision 11, is amended to read:

Subd. 11. [INVESTMENT PER BED LIMITS, INTEREST EXPENSE LIMITATIONS, AND ARMS-LENGTH LEASES.] (a) The provisions of Minnesota Rules, part 9553.0075, except as modified under this subdivision, shall apply to newly constructed or established facilities that are certified for medical assistance on or after May 1, 1990.

(b) For purposes of establishing payment rates under this subdivision and Minnesota Rules, parts 9553.0010 to 9553.0080, the term "newly constructed or newly established" means a facility (1) for which a need determination has been approved by the commissioner under sections 252.28 and 252.291; (2) whose program is newly licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, and certified under Code of Federal Regulations, title 42, section 442.400, et seq.; and (3) that is part of a proposal that meets the requirements of section 252.291, subdivision 2, paragraph (2). The term does not include a facility for which a need determination was granted solely for other reasons such as the relocation of a facility; a change in the facility's name, program, number of beds, type of beds, or ownership; or the sale of a facility, unless the relocation of a facility to one or more service sites is the result of a closure of a facility under section 252.292, in which case clause (3) shall not apply. The term does include a facility that converts more than 50 percent of its licensed beds from class A to class B residential or class B institutional to serve persons discharged from state regional treatment centers on or after May 1, 1990, in which case clause (3) does not apply.

(c) Newly constructed or newly established facilities that are certified for medical assistance on or after May 1, 1990, shall be allowed the capital asset investment per bed limits as provided in clauses (1) to (4).

(1) The 1990 calendar year investment per bed limit for a facility's land must not exceed $5,700 per bed for newly constructed or newly established facilities in Hennepin, Ramsey, Anoka, Washington, Dakota, Scott, Carver, Chisago, Isanti, Wright, Benton, Sherburne, Stearns, St. Louis, Clay, and Olmsted counties, and must not exceed $3,000 per bed for newly constructed or newly established facilities in other counties.

(2) The 1990 calendar year investment per bed limit for a facility's

depreciable capital assets must not exceed $44,800 for class B residential beds, and $45,200 for class B institutional beds.

(3) The investment per bed limit in clause (2) must not be used in determining the three-year average percentage increase adjustment in Minnesota Rules, part 9553.0060, subpart 1, item C, subitem (4), for facilities that were newly constructed or newly established before May 1, 1990.

(4) The investment per bed limits in clause (2) and Minnesota Rules, part 9553.0060, subpart 1, item C, subitem (2) shall be adjusted annually beginning January 1, 1991, and each January 1 following, as provided in Minnesota Rules, part 9553.0060, subpart 1, item C, subitem (2), except that the index utilized will be the Bureau of the Census: Composite fixed-weighted price index as published in the Survey of Current Business.

(d) A newly constructed or newly established facility's interest expense limitation as provided for in Minnesota Rules, part 9553.0060, subpart 3, item F, on capital debt for capital assets acquired during the interim or settle-up period, shall be increased by 2.5 percentage points for each full .25 percentage points that the facility's interest rate on its mortgage is below the maximum interest rate as established in Minnesota Rules, part 9553.0060, subpart 2, item A, subitem (2). For all following rate periods, the interest expense limitation on capital debt in Minnesota Rules, part 9553.0060, subpart 3, item F, shall apply to the facility's capital assets acquired, leased, or constructed after the interim or settle-up period. If a newly constructed or newly established facility is acquired by the state, the limitations of this paragraph and Minnesota Rules, part 9553.0060, subpart 3, item F, shall not apply.

(e) If a newly constructed or newly established facility is leased with an arms-length lease as provided for in Minnesota Rules, part 9553.0060, subpart 7, the lease agreement shall be subject to the following conditions:

(1) the term of the lease, including option periods, must not be less than 20 years;

(2) the maximum interest rate used in determining the present value of the lease must not exceed the lesser of the interest rate limitation in Minnesota Rules, part 9553.0060, subpart 2, item A, subitem (2), or 16 percent; and

(3) the residual value used in determining the net present value of the lease must be established using the provisions of Minnesota Rules, part 9553.0060.

(f) All leases of the physical plant of an intermediate care facility

for the mentally retarded shall contain a clause that requires the owner to give the commissioner notice of any requests or orders to vacate the premises 90 days before such vacation of the premises is to take place. In the case of unlawful detainer actions, the owner shall notify the commissioner within three days of notice of an unlawful detainer action being served upon the tenant. The only exception to this notice requirement is in the case of emergencies where immediate vacation of the premises is necessary to assure the safety and welfare of the residents. In such an emergency situation, the owner shall give the commissioner notice of the request to vacate at the time the owner of the property is aware that the vacating of the premises is necessary. This section applies to all leases entered into after May 1, 1990. Rentals set in leases entered into after that date that do not contain this clause are not allowable costs for purposes of medical assistance reimbursement.

(g) A newly constructed or newly established facility's preopening costs are subject to the provisions of Minnesota Rules, part 9553.0035, subpart 12, and must be limited to only those costs incurred during one of the following periods, whichever is shorter:

(1) between the date the commissioner approves the facility's need determination and 30 days before the date the facility is certified for medical assistance; or

(2) the 12-month period immediately preceding the 30 days before the date the facility is certified for medical assistance.

(h) The development of any newly constructed or newly established facility as defined in this subdivision and projected to be operational after July 1, 1991, by the commissioner of human services shall be delayed until July 1, 1993, except for those facilities authorized by the commissioner as a result of a closure of a facility according to section 252.292 prior to January 1, 1991, or those facilities developed as a result of a receivership of a facility according to section 245A.12. This paragraph does not apply to state-operated community facilities authorized in section 252.50.

Sec. 55. Minnesota Statutes 1990, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (a) General assistance medical care may be paid for any person who is age 18 or older and who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spend-down of excess income according to section 256B.056, subdivision 5, and:

(1) who is receiving assistance under section 256D.05 or 256D.051 ~~and is not eligible for medical assistance under chapter 256B~~

~~including eligibility for medical assistance based on a spend-down of excess income according to section 256B.056, subdivision 5~~; or

(2)(i) who is a resident of Minnesota; and whose equity in assets is not in excess of $1,000 per assistance unit. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1. However, if a disregard of $30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first $50 of earned income is not allowed; or

(3) ~~who is over age 18 and~~ who would be eligible for medical assistance except that the person resides in a facility that is determined by the commissioner or the federal health care financing administration to be an institution for mental diseases.

(b) 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.

(c) General assistance medical care ~~may be paid for a person, regardless of age, who~~ is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, ~~if~~ and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(d) General assistance medical care is not available for applicants

or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 30 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

Sec. 56. Minnesota Statutes 1990, 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~~ For a person who is eligible under subdivision 3, paragraph (a), clause (3), general assistance medical care covers:

(1) inpatient hospital ~~care,~~ services;

(2) outpatient hospital ~~care,~~ services;

(3) services provided by Medicare certified rehabilitation agencies~~,~~;

(4) prescription drugs~~,~~ and other products recommended through the process established in section 256B.0625, subdivision 13;

(5) equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level~~,~~;

(6) eyeglasses and eye examinations provided by a physician or optometrist~~,~~;

(7) hearing aids~~,~~;

(8) prosthetic devices~~,~~;

(9) laboratory and X-ray services~~,~~;

(10) physician's services~~,~~;

(11) medical transportation~~,~~;

(12) chiropractic services as covered under the medical assistance program~~,~~;

(13) podiatric services~~, and~~;

(14) dental ~~care. In addition, payments of state aid shall be made for:~~ services;

~~(1)~~ (15) outpatient services provided by a mental health center or clinic that is under contract with the county board and is established under section 245.62;

~~(2)~~ (16) day treatment services for mental illness provided under contract with the county board;

~~(3)~~ (17) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;

~~(4)~~ (18) case management services for a person with serious and persistent mental illness ~~who would be eligible for medical assistance except that the person resides in an institution for mental diseases~~;

~~(5)~~ (19) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments ~~for a person who would be eligible for medical assistance except that the person resides in an institution for mental diseases~~; and

~~(6)~~ (20) medical equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision.

(b) For a recipient who is eligible under subdivision 3, paragraph (a), clause (1) or (2), general assistance medical care covers the services listed in paragraph (a) with the exception of special transportation services.

~~(b)~~ (c) 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 sections 256B.02, subdivision 8, and 256B.0625. For payments made during fiscal year 1990 and later years, the commissioner shall ~~contract~~ consult with an independent actuary ~~to establish~~ in establishing prepayment rates, but shall retain final control over the rate methodology.

~~(c)~~ (d) 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.

For the period July 1, 1987, to June 30, 1988, 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 five 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.

For the period July 1, 1988, to June 30, 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 not be reduced. 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)~~ (e) Any county may, from its own resources, provide medical payments for which state payments are not made.

~~(e)~~ (f) Chemical dependency services that are reimbursed under ~~Laws 1986, chapter 394, sections 8 to 20,~~ chapter 254B must not be reimbursed under general assistance medical care.

~~(f)~~ (g) 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.

~~(g)~~ (h) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.

Sec. 57. Minnesota Statutes 1990, 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 county agency shall disregard an additional earned income up to a maximum of $150 per month for persons residing in a negotiated rate residence, as that term is defined in section 256I.03, subdivision 2, or 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 and for persons living in supervised apartments with services funded under Minnesota Rules, parts 9535.0100 to 9535.1600, and for whom discharge and work are part of a treatment plan and for persons residing in a negotiated rate residence, as that term is defined in section 256I.03, subdivision 3, who are receiving advocacy and support services for the purpose of independent living. 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. 58. Minnesota Statutes 1990, section 256I.05, is amended by adding a subdivision to read:

Subd. 1a. [LOWER MAXIMUM RATE.] The maximum monthly rate for a general assistance or Minnesota supplemental aid nego-

tiated rate residence that enters into an initial negotiated rate agreement with a county agency on or after June 1, 1989, may not exceed 90 percent of the maximum rate established under subdivision 1. This is effective until June 30, 1993, or until the statewide system authorized under subdivision 6 is established, whichever occurs first.

Sec. 59. Minnesota Statutes 1990, section 256I.05, subdivision 2, is amended to read:

Subd. 2. [MONTHLY RATES; EXEMPTIONS.] (a) The maximum negotiated rate does not apply to a residence 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. For residences in this clause that have less than five percent of their licensed boarding care capacity reimbursed by the medical assistance program, rate increases shall be provided according to section 256B.431, subdivision 4, paragraph (c).

(b) The maximum negotiated rate does not apply to a residence that on August 1, 1984, was licensed by the commissioner of human services under Minnesota Rules, parts 9525.0520 to 9525.0660, but funded as a negotiated rate residence under general assistance or Minnesota supplemental aid. Rate increases for these residences are subject to the provisions of subdivision 7.

(c) ~~The following residences are exempt from the limit on negotiated rates and must be reimbursed for documented actual costs, until an alternative reimbursement system covering services excluding room and board maintenance services is developed by the commissioner:~~

~~(1) a residence that is not certified to participate in the medical assistance program, that was licensed as a boarding care facility by March 1, 1985, and does not receive supplemental program funding under Minnesota Rules, parts 9535.2000 to 9535.3000 or 9553.0010 to 9553.0080;~~

~~(2)~~ The maximum negotiated rate does not apply to a residence certified to participate in the medical assistance program, licensed as a boarding care facility or a nursing home, and declared to be an institution for mental disease by January 1, 1989. Effective January 1, 1989, the ~~actual documented cost~~ rate for these residences is the individual's appropriate medical assistance case mix rate ~~until the commissioner develops a comprehensive system of rates and payments for persons in all negotiated rate residences~~. The exclusion from the rate limit for residences under this clause ~~expires July 1, 1991~~ continues until June 30, 1992. The commissioner of human services, in consultation with the counties in which these residences

are located, shall review the status of each certified nursing home and board and care facility declared to be an institution for mental disease. This review shall include the cost effectiveness of continued payment for residents through general assistance or Minnesota supplemental aid; the appropriateness of placement of general assistance or supplemental aid clients in these facilities; the effects of Public Law Number 100-203 on these facilities; and the role of these facilities in the mental health service delivery system. The commissioner shall make recommendations to the legislature by January 1, 1990, regarding the need to continue the exclusion of these facilities from the negotiated rate maximum and the future role of these facilities in serving persons with mental illness.

(d) The commissioner of human services shall take the following action in relation to certified boarding care facilities and nursing homes that have been declared institutions for mental diseases, excluding those facilities exempt under paragraph (a):

(1) All mental health and placement screenings and diagnostic assessments required under the federal Omnibus Budget Reconciliation Act (OBRA) must be completed by July 1, 1991, for all residents in institutions for mental diseases admitted before June 1, 1991. Residents determined to need relocation under the preadmission screening and annual resident review must be relocated to a more appropriate placement in accordance with the timelines established in the state's alternative disposition plan.

(2) By October 1, 1991, all institutions for mental diseases must be reviewed again by the commissioner to determine if they are still institutions for mental diseases, and the commissioner shall immediately revoke a declaration that a facility is an institution for mental diseases if the commissioner determines that the facility is not an institution for mental diseases.

(3) The commissioner shall provide to institutions for mental diseases training in the criteria used in assessing residents for determination of institutions for mental diseases status and the numbers of residents in each category.

(4) For facilities whose status as an institution for mental diseases is not revoked by the commissioner by October 1, 1991, a facility-specific plan must be developed by the commissioner and the facility, in consultation with the appropriate consumer groups, to offer alternative services to enough residents by July 1, 1992, to allow the commissioner to revoke the facility's status as an institution for mental diseases.

Sec. 60. Minnesota Statutes 1990, section 256I.05, is amended by adding a subdivision to read:

Subd. 7a. [RATE INCREASES FOR THE 1993 FISCAL YEAR.]

For the fiscal year ending June 30, 1993, no inflationary increase shall be provided in rates for negotiated rate settings under subdivision 7.

Sec. 61. [*DEMONSTRATION PROJECTS.*]

The commissioner shall demonstrate the development of family foster care services for persons with developmental disabilities in order to achieve regional treatment center census reduction or to develop alternative placements for persons inappropriately placed in nursing homes. For all persons participating in this demonstration that receive services funded by the enhanced waivered services fund, the costs of waivered services shall not exceed an average of $120 per person per day in fiscal year 1993.

The commissioner shall demonstrate a family choice option for 100 persons with developmental disabilities and their families in fiscal year 1992 and for 200 persons and their families in fiscal year 1993. For all persons authorized by the commissioner to receive services under the family choice option, the cost of services funded by the Title XIX home- and community-based waiver are limited to an average of $35 per person per day in fiscal year 1992 with annual cost adjustments as authorized by the legislature.

Sec. 62. [INSTRUCTION TO REVISOR.]

In each section of Minnesota Statutes referred to in column A, the revisor of statutes shall delete the reference in column B and insert the reference in column C. The revisor shall also correct any cross-references to Minnesota Statutes, section 256.969, subdivision 6a, that appear in Minnesota Rules.

Column A	Column B	Column C
256.969, subd. 3a	256.969, subd. 6a, paragraph (a), clause (5) or (6)	256.969, subds. 10 and 11
256.9695, subd. 3	256.969, subd. 6a, paragraph (a), clause (3)	256.969, subd. 8
256.9695, subd. 3, paragraph (a)	256.969, subd. 6a, paragraph (a), clauses (1), (2), (4), (5), (6), and (8)	256.969, subds. 7, 9, 10, 11, and 13
256.9695, subd. 3, paragraph (a)	256.969, subd. 6a, paragraph (a), clause (7), and paragraph (i)	256.969, subds. 12 and 20
256.9695, subd. 3, paragraph (c)	256.969, subd. 6a, paragraphs (g) and (h)	256.969, subd. 19, paragraphs (a) and (b)

Sec. 63. [EFFECTIVE DATES.]

Subdivision 1. [SPECIAL CATEGORIES OF ELIGIBILITY.] (a) Those portions of sections 26, 27, and 29 regarding publication of federal poverty guidelines are effective retroactive to the date the 1991 change in the federal poverty guidelines became effective.

(b) Sections 28 and 30 are effective retroactive to January 1, 1991.

Subd. 2. [AVAILABILITY OF INCOME.] The deduction for reparation payments in section 31 is effective retroactive to January 1, 1991. The deduction for veterans pensions in section 31 is effective the month in which the Veteran's Administration implements the change at section 8003 of the Omnibus Budget Reconciliation Act of 1990.

Subd. 3. [COVERED SERVICES; GAMC.] The amendments relating to services covered by general assistance medical care in section 56 are effective July 1, 1991, except that the amendments are effective July 1, 1992, for all contracts with prepaid health plans that become effective, are amended, or are renewed on or after July 1, 1992.

ARTICLE 5

ASSISTANCE PAYMENTS

Section 1. Minnesota Statutes 1990, section 256.01, subdivision 11, is amended to read:

Subd. 11. [CENTRALIZED DISBURSEMENT SYSTEM.] The state agency may establish a system for the centralized disbursement of ~~(1) assistance payments to recipients of aid to families with dependent children, (2) emergency assistance payments to needy families with dependent children as defined in Minnesota Statutes 1976, section 256.12, and (3) the benefit documents for food stamp recipients~~ food coupons, assistance payments, and related documents. The state agency shall adopt rules and set guidelines for the operation of the statewide system. If required by federal law or regulations promulgated thereunder, or by state law, or by rule of the state agency, each county shall pay to the state treasurer that portion of assistance for which the county is responsible. Benefits shall be issued by the state or county and funded under this section according to section 256.025, subdivision 3, and subject to section 256.017.

Sec. 2. Minnesota Statutes 1990, section 256.01 is amended by adding a subdivision to read:

Subd. 11a. [CONTRACTING WITH FINANCIAL INSTITU-

TIONS.] The state agency may contract with banks or other financial institutions to provide services associated with the processing of public assistance checks and may pay a service fee for these services, provided the fee charged does not exceed the fee charged to other customers of the institution for similar services.

Sec. 3. [256.023] [ONE HUNDRED PERCENT COUNTY ASSISTANCE.]

The commissioner of human services may maintain client records and issue public assistance benefits that are over state and federal standards or that are not required by state or federal law, providing the cost of benefits is paid by the counties to the department of human services. Payment methods for this section shall be according to section 256.025, subdivision 3.

Sec. 4. Minnesota Statutes 1990, section 256.025, subdivision 1, is amended to read:

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

(b) "Base amount" means the calendar year 1990 county share of county agency expenditures for all of the programs specified in subdivision 2.

(c) "County agency expenditure" means the total expenditure or cost incurred by the county of financial responsibility for the benefits and services for each of the programs specified in subdivision 2. The term includes the federal, state, and county share of costs for programs in which there is federal financial participation. For programs in which there is no federal financial participation, the term includes the state and county share of costs. The term excludes county administrative costs, unless otherwise specified.

(d) "Nonfederal share" means the sum of state and county shares of costs of the programs specified in subdivision 2.

(e) The "county share of county agency expenditures growth amount" is the amount by which the county share of county agency expenditures in calendar years 1991 to ~~1997~~ 2000 has increased over the base amount.

Sec. 5. Minnesota Statutes 1990, section 256.025, subdivision 3, is amended to read:

Subd. 3. [PAYMENT METHODS.] ~~The state shall pay counties, according to the reporting cycle established by the commissioner, all federal funds available for the services and benefits distributed under subdivision 2 together with an amount of state funds equal to~~

~~the state share of expenditures, except as provided for in section 256.017.~~ (a) Beginning July 1, 1991, the state will reimburse counties for the county share of county agency expenditures for benefits and services distributed under subdivision 2 and funded by the human services account established under section 273.1392~~.~~, except as follows:

(1) beginning January 1, 1992, the county shall pay 25 percent of the costs of the growth in emergency general assistance payments which exceed expenditures during the base year of calendar year 1990;

(2) beginning January 1, 1992, the county shall pay 25 percent of the costs of the growth in eligible general assistance negotiated rate payments which exceed expenditures during the base year of calendar year 1990;

(3) beginning January 1, 1992, the county shall pay 15 percent of the costs of the growth in Minnesota supplemental aid negotiated rate payments made which exceed expenditures during the base year of calendar year 1990;

(4) beginning January 1, 1992, the county shall pay 90 percent of the nonfederal portion of the growth in emergency assistance payments made which exceed expenditures during the base year of calendar year 1990.

(b) Payments under subdivision 4 are only for client benefits and services distributed under subdivision 2 and do not include reimbursement for county administrative expenses.

(c) The state and the county agencies shall pay for assistance programs as follows:

(1) Where the state issues payments for the programs, the county shall monthly advance to the state as required by the department of human services, the portion of program costs not met by federal and state funds. The advance shall be an estimate that is based on actual expenditures from the prior period and that is sufficient to compensate for the county share of disbursements as well as state and federal shares of recoveries;

(2) Where the county agencies issue payments for the programs, the state shall monthly advance to counties all federal funds available for those programs together with an amount of state funds equal to the state share of expenditures; and

(3) Payments made under this paragraph are subject to section 256.017. Adjustment of any overestimate or underestimate in advances shall be made by the state agency in any succeeding month.

Sec. 6. Minnesota Statutes 1990, section 256.025, subdivision 4, is amended to read:

Subd. 4. [PAYMENT SCHEDULE.] Except as provided for in subdivision 3, beginning July 1, 1991, the state will reimburse counties, according to the following payment schedule, for the county share of county agency expenditures for the programs specified in subdivision 2.

(a) Beginning July 1, 1991, the state will reimburse or pay the county share of county agency expenditures according to the reporting cycle as established by the commissioner, for the programs identified in subdivision 2. Payments for the period of January 1 through July 31, for calendar years 1991, 1992, and 1993 shall be made on or before July 10 in each of those years. Payments for the period August through December for calendar years 1991, 1992, and 1993 shall be made on or before the third of each month thereafter through December 31 in each of those years.

(b) Payment for 1/24 of the base amount and the January 1994 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before January 3, 1994. For the period of February 1, 1994, through July 31, 1994, payment of the base amount shall be made on or before July 10, 1994, and payment of the growth amount over the base amount shall be made on or before the third of each month. Payments for the period August 1994 through December 1994 shall be made on or before the third of each month thereafter through December 31, 1994.

(c) Payment for the county share of county agency expenditures during January 1995 shall be made on or before January 3, 1995. Payment for 1/24 of the base amount and the February 1995 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before February 3, 1995. For the period of March 1, 1995, through July 31, 1995, payment of the base amount shall be made on or before July 10, 1995, and payment of the growth amount over the base amount shall be made on or before the third of each month. Payments for the period August 1995 through December 1995 shall be made on or before the third of each month thereafter through December 31, 1995.

(d) Monthly payments for the county share of county agency expenditures from January 1996 through February 1996 shall be made on or before the third of each month through February 1996. Payment for 1/24 of the base amount and the March 1996 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before March 1996. For the period of April 1, 1996, through July 31, 1996, payment of the base amount shall be made on or before July 10,

1996, and payment of the growth amount over the base amount shall be made on or before the third of each month. Payments for the period August 1996 through December 1996 shall be made on or before the third of each month thereafter through December 31, 1996.

(e) Monthly payments for the county share of county agency expenditures from January 1997 through March 1997 shall be made on or before the third of each month through March 1997. Payment for 1/24 of the base amount and the April 1997 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before April 3, 1997. For the period of May 1, 1997, through July 31, 1997, payment of the base amount shall be made on or before July 10, 1997, and payment of the growth amount over the base amount shall be made on or before the third of each month. Payments for the period August 1997 through December 1997 shall be made on or before the third of each month thereafter through December 31, 1997.

(f) Monthly payments for the county share of county agency expenditures from January 1998 through April 1998 shall be made on or before the third of each month through April 1998. Payment for 1/24 of the base amount and the May 1998 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before May 3, 1998. For the period of June 1, 1998, through July 31, 1998, payment of the base amount shall be made on or before July 10, 1998, and payment of the growth amount over the base amount shall be made on or before the third of each month. Payments for the period August 1998 through December 1998 shall be made on or before the third of each month thereafter through December 31, 1998.

(g) Monthly payments for the county share of county agency expenditures from January 1999 through May 1999 shall be made on or before the third of each month through May 1999. Payment for 1/24 of the base amount and the June 1999 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before June 3, 1999. For the period of June 1, 1999, through July 31, 1999, payment shall be made on or before July 10, 1999. Payments for the period August 1999 through December 1999 shall be made on or before the third of each month thereafter through December 31, 1999.

(h) Effective January 1, 2000, monthly payments for the county share of county agency expenditures shall be made subsequent to the first of each month.

Payments under this subdivision are subject to the provisions of section 256.017.

Sec. 7. Minnesota Statutes 1990, section 256.031, is amended to read:

256.031 [MINNESOTA FAMILY INVESTMENT PLAN.]

Subdivision 1. [CITATION.] Sections 256.031 to ~~256.036~~ 256.0361 may be cited as the Minnesota family investment plan.

Subd. 2. [LEGISLATIVE FINDINGS.] The legislature recognizes the need to fundamentally change the way government supports families. The legislature finds that many features of the current system of public assistance do not help families carry out their two basic functions: the economic support of the family unit and the care and nurturing of children. The legislature recognizes that the Minnesota family investment plan is an investment strategy that will support and strengthen the family's social and financial functions. This investment in families will provide long-term benefits through stronger and more independent families.

Subd. 3. [AUTHORIZATION FOR THE DEMONSTRATION.] (a) The commissioner of human services, in consultation with the commissioners of education, finance, jobs and training, health, and planning, and the ~~directors~~ director of the higher education coordinating board ~~and the office of jobs policy~~, is authorized to proceed with the planning and designing of the Minnesota family investment plan and to implement the plan to test policies, methods, and cost impact on an experimental basis by using field trials. The commissioner, under the authority in section 256.01, subdivision 2, shall implement the plan according to sections 256.031 to ~~256.033 describe the basic principles of the program. Sections 256.034 to 256.036 provide a basis for congressional action. Using sections 256.031 to 256.036, the commissioner shall seek congressional authority to implement the program in field trials After obtaining congressional authority to implement the Minnesota family investment plan in field trials, the commissioner shall request specific appropriations from the legislature to implement field trials~~ 256.0361 and Public Law Numbers 101-202 and 101-239, section 8015, as amended. If major and unpredicted costs to the program occur, the commissioner may take corrective action consistent with Public Law Numbers 101-202 and 101-239, which may include termination of the program. Before taking such corrective action, the commissioner shall consult with the chairs of the senate health and human services committee, the house health and human services committee, the health and human services division of the senate finance committee and the human resources division of the house appropriations committee, or, if the legislature is not in session, consult with the legislative advisory commission.

(b) The field trials ~~must~~ shall be conducted as permitted under federal law, for as many years as necessary, and in different

geographical settings, to provide reliable instruction about the desirability of expanding the program statewide.

(c) The commissioner shall select the counties which shall serve as field trial or control sites based on criteria which ensure reliable evaluation of the program.

(d) The commissioner is authorized to determine the number of families and characteristics of subgroups to be included in the evaluation.

(i) A family that applies for or is currently receiving financial assistance from aid to families with dependent children; family general assistance or work readiness; or food stamps may be assigned by the commissioner to an experimental or a control group for the purposes of evaluating the family investment plan. Families assigned to an experimental group receive benefits and services through the family investment plan. Families assigned to a control group receive benefits and services through existing programs. A family may not select the group to which it is assigned. Once assigned to a group, a family must remain in that group for the duration of the project.

(ii) To evaluate the effectiveness of the family investment plan, the commissioner may designate a subgroup of families from the experimental group who shall be exempt from section 256.035, subdivision 1, and shall not receive case management services under section 256.035, subdivision 6a. Families are eligible for services under section 256.736 to the same extent as families receiving AFDC.

Subd. 4. [GOALS OF THE MINNESOTA FAMILY INVESTMENT PLAN.] The commissioner shall design the program to meet the following goals:

(1) to support families' transition to financial independence by emphasizing options, removing barriers to work and education, providing necessary support services, and building a supportive network of education, employment and training, health, social, counseling, and family-based services;

(2) to allow resources to be more effectively and efficiently focused on investing in families by removing the complexity of current rules and procedures and consolidating public assistance programs;

(3) to prevent long-term dependence on public assistance through paternity establishment, child support enforcement, emphasis on education and training, and early intervention with minor parents; and

(4) to provide families with an opportunity to increase their living standard by rewarding efforts aimed at transition to employment and by allowing families to keep a greater portion of earnings when they become employed.

Subd. 5. [FEDERAL WAIVERS.] ~~The commissioner of human services shall seek authority from Congress to implement the Minnesota family investment plan on a demonstration basis. If necessary~~ In accordance with sections 256.031 to 256.0361 and federal laws authorizing the program, the commissioner shall seek waivers of ~~compliance with~~ federal requirements ~~for~~ of: ~~aid to families with dependent children under~~ United States Code, title 42, ~~sections~~ section 601 ~~to 679a, as amended; medical assistance under United States Code, title 42, sections 1396 to 1396s, as amended; food stamps under~~ et seq., and United States Code, title 7, ~~sections~~ section 2011 ~~to 2030, as amended; and other federal requirements that would inhibit implementation of~~ et seq., needed to implement the Minnesota family investment plan in a manner consistent with the goals and objectives of the program. The commissioner shall seek terms from the federal government that are consistent with the goals of the Minnesota family investment plan. The commissioner shall also seek terms from the federal government that will maximize federal financial participation so that the extra costs to the state of implementing the program are minimized, to the extent that those terms are consistent with the goals of the Minnesota family investment plan. An agreement with the federal government under this section shall provide that the agreements may be canceled by the state or federal government upon ~~six months'~~ 180 days' notice or immediately upon mutual agreement. If the ~~agreements are~~ agreement is canceled, families which cease receiving assistance under the Minnesota family investment plan who are eligible for the aid to families with dependent children, general assistance, medical assistance, general assistance medical care, ~~and~~ or the food stamp ~~programs~~ program must be placed with their consent on ~~those~~ the programs for which they are eligible.

Sec. 8. Minnesota Statutes 1990, section 256.032, is amended to read:

256.032 [DEFINITIONS.]

Subdivision 1. [SCOPE OF DEFINITIONS.] The terms used in sections 256.031 to ~~256.036~~ 256.0361 have the meanings given them unless otherwise provided or indicated by the context.

Subd. 1a. [ASSISTANCE UNIT.] (a) "Assistance unit" means the following individuals when they are living together: a minor child; the minor child's blood-related siblings; and the minor child's natural and adoptive parents. The income and assets of members of the assistance unit must be considered in determining eligibility for the family investment plan.

(b) A nonparental caregiver, as defined in subdivision 2, may elect to be included in the assistance unit. A nonparental caregiver who does not elect to be included under this paragraph must apply for assistance with the minor child.

(c) A stepparent of the minor child may elect to be included in the assistance unit. If the stepparent does not choose to be included, the county agency shall not count the stepparent's resources or income, if the stepparent's income is less than 275 percent of the federal poverty guidelines for a family of one. If the stepparent's income is more than 275 percent of the federal poverty guidelines for a family of one and the stepparent does not choose to be included, the county agency shall not count the stepparent's resources, but shall count the stepparent's income in accordance with section 256.033, subdivision 2, clause (5).

(d) A stepsibling of the minor child may elect to be included in the assistance unit.

(e) A parent of a minor caregiver may elect to be included in the minor caregiver's assistance unit. If the parent of the minor caregiver does not choose to be included, the county agency shall not count the resources of the parent of the minor caregiver, but shall count the income of the parent of the minor caregiver, in accordance with section 256.033, subdivision 2, clause (5).

Subd. 2. [CAREGIVER.] "Caregiver" means a minor child's natural or adoptive parent or parents who live in the home with the minor child. For purposes of determining eligibility for this program, "caregiver" also means any of the following individuals, if adults, who live with and provide care and support to a minor child when the minor child's natural or adoptive parent or parents do not reside in the same home: grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, niece, persons of preceding generations as denoted by prefixes of "great" or "great-great," or a spouse of any person named in the above groups even after the marriage ends by death or divorce.

Subd. 3. [CASE MANAGEMENT.] "Case management" means the assessment of family needs ~~and~~, the development of the employability plan and family support agreement, and the coordination of services necessary to support the family in its social and economic roles, ~~in addition to the services described in~~ according to section ~~256.736~~ 256.035, subdivision ~~11~~ 6a.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of human services or a designee.

~~Subd. 5. [CONTRACT.] "Contract" means a family self-sufficiency plan, described in section 256.035, subdivision 7, based on the case manager's assessment of the family's needs and abilities and devel-~~

~~oped, together with a parental caregiver, by a county agency or its designee.~~

Subd. 5a. [COUNTY AGENCY.] "County agency" means the agency designated by the county board to implement financial assistance for current programs and for the Minnesota family investment plan and the agency responsible for enforcement of child support collection.

Subd. 5b. [COUNTY BOARD.] "County board" means the county board of commissioners; a county welfare board as defined in chapter 393; a board established under the joint powers act, section 471.59; or a human services board under chapter 402.

Subd. 6. [DEPARTMENT.] "Department" means the department of human services.

Subd. 6a. [EMPLOYABILITY PLAN.] "Employability plan" means the plan developed by the case manager and the caregiver according to section 256.035, subdivision 6b, which meets the requirements for an employability development plan under section 256.736, subdivision 10, paragraph (a), clause (15).

Subd. 7. [FAMILY.] ~~For purposes of determining eligibility for this program,~~ "Family" includes the following individuals who live together: a minor child or a group of minor children related to each other as siblings, half siblings, stepsiblings, or adopted siblings, together with their natural or adoptive parents, or their caregiver as defined in subdivision 2. "Family" also includes a pregnant woman in the third trimester of pregnancy with no children.

Subd. 7a. [FAMILY SUPPORT AGREEMENT.] "Family support agreement" means the agreement developed by the case manager and the caregiver under section 256.035, subdivision 6c.

Subd. 8. [FAMILY WAGE LEVEL.] "Family wage level" means 120 percent of the transitional standard, as defined in subdivision 13.

Subd. 8a. [MINOR CHILD.] "Minor child" means a child who is living in the same home of a parent or other caregiver, who is in financial need, and who is either less than 18 years of age or is under the age of 19 years and is regularly attending, as a full-time student and is expected to complete a high school or a secondary level course of vocational or technical training designed to fit students for gainful employment before reaching age 19.

~~Subd. 9. [ORIENTATION.] "Orientation" means a presentation that meets the requirements of section 256.736, subdivision 10a, provides information to caregivers about the Minnesota family~~

~~investment plan, and encourages parental caregivers to engage in activities that will stabilize the family and lead to self-sufficiency.~~

Subd. 10. [PROGRAM.] "Program" means the Minnesota family investment plan.

Subd. 11. [SIGNIFICANT CHANGE.] "Significant change" means a change ~~of ten percent or $50, whichever is less, in monthly gross family earned income, or a change in family composition~~ in income available to the family so that the sum of the income and the grant for the current month would be less than the transitional standard as defined in subdivision 13.

Subd. 11a. [SUITABLE EMPLOYMENT.] "Suitable employment" has the meaning given in section 256.736, subdivision 1a, paragraph (h).

Subd. 12. [TRANSITIONAL STATUS.] "Transitional status" means the status of caregivers who are independently pursuing self-sufficiency or caregivers who are complying with the terms of a ~~contract~~ family support agreement with a county ~~agency or its designee~~.

Subd. 13. [TRANSITIONAL STANDARD.] "Transitional standard" means the sum of the AFDC standard of assistance and the full cash value of food stamps for a family of the same size and composition in effect ~~when~~ for the remainder of the state during implementation of the Minnesota family investment plan ~~begins~~ field trails. This standard applies only to families in which the parental caregiver is in transitional status and to families in which the caregiver is exempt from ~~having a contract or is exempt from~~ developing or has good cause for not complying with the terms of the ~~contract~~ family support agreement. Full cash value of food stamps is the amount of the cash value of food stamps to which a family of a given size would be entitled for a month, determined by assuming unearned income equal to the AFDC standard for a family of that size and composition and subtracting the standard deduction and maximum shelter deduction from gross family income, as allowed under the Food Stamp Act of 1977, as amended, and Public Law Number 100-435. The assistance standard for a family consisting of a pregnant woman in the third trimester of pregnancy with no children must equal the assistance standard for one adult and one child.

Sec. 9. Minnesota Statutes 1990, section 256.033, is amended to read:

256.033 [ELIGIBILITY FOR THE MINNESOTA FAMILY INVESTMENT PLAN.]

Subdivision 1. [ELIGIBILITY CONDITIONS.] (a) A family is ~~eligible for and~~ entitled to assistance under the Minnesota family investment plan if:

(1) ~~the family's net income, after deducting an amount to cover taxes and actual dependent care costs up to the maximum disregarded under United States Code, title 42, section 602(a)(8)(A)(iii), does not exceed the applicable standard of assistance for that family as defined under section 256.032, subdivision 13; and~~ the family meets the definition of assistance unit under section 256.032, subdivision 1a;

(2) the family's ~~nonexcluded~~ resources not excluded under subdivision 3 do not exceed $2,000.;

(3) the family can verify citizenship or lawful resident alien status;

(4) the family provides or applies for a social security number for each member of the family receiving assistance under the family investment plan; and

(5) the family assigns child support collection to the county agency.

(b) A family is eligible for the family investment plan if the net income is less than the transitional standard as defined in section 256.032, subdivision 13, for that size and composition of family. In determining available net income, the provisions in subdivision 2 shall apply.

(c) Upon application, a family is initially eligible for the family investment plan if the family's gross income does not exceed the applicable transitional standard of assistance for that family as defined under section 256.032, subdivision 13, after deducting:

(1) 18 percent to cover taxes;

(2) actual dependent care costs up to the maximum disregarded under United States Code, title 42, section 602(a)(8)(A)(iii); and

(3) $50 of child support collected in that month.

(d) A family can remain eligible for the program if:

(1) it meets the conditions in section 256.035, subdivision 4; and

(2) its income is below the transitional standard in section 256.032, subdivision 13, allowing for income exclusions in subdivi-

sion 2 and after applying the family investment plan treatment of earnings under section 256.035, subdivision 4.

Subd. 2. [DETERMINATION OF FAMILY INCOME.] The aid to families with dependent children income exclusions listed in Code of Federal Regulations, title 45, sections 233.20(a)(3) and 233.20(a)(4), must be used when determining a family's available income, except that:

~~(1) the disregard of the first $75 of gross earned income is replaced with a single disregard described in section 256.035, subdivision 4, paragraph (a);~~

~~(2)~~ all earned income of a minor child receiving assistance through the Minnesota family investment plan is excluded when the child is attending school at least half-time;

~~(3)~~ (2) all earned income tax credit payments received by the family as a refund of federal income taxes or made as advance payments are excluded in accordance with United States Code, title 42, section 602(a)(8)(A)(viii);

~~(4)~~ (3) educational grants and loans as provided in section 256.74, subdivision 1, clause (2), are excluded; ~~and~~

~~(5)~~ (4) all other income listed in Minnesota Rules, part 9500.2380, subpart 2, is excluded~~.~~; and

(5) when determining income available from members of the family who do not elect to be included in the assistance unit under section 256.032, subdivision 1a, paragraphs (c) and (e), the county agency shall count the remaining income after disregarding:

(i) the first 18 percent of the excluded family member's gross earned income;

(ii) an amount for the support of the stepparent and any other individuals whom the stepparent claims as dependents for determining federal personal income tax liability and who live in the same household but whose needs are not considered in determining eligibility for assistance under sections 256.031 to 256.033. The amount equals the transitional standard in section 256.032, subdivision 13, for a family of the same size and composition.

(iii) amounts the stepparent actually paid to individuals not living in the same household but whom the stepparent claims as dependents for determining federal personal income tax liability; and

(iv) alimony or child support, or both, paid by the stepparent for individuals not living in the same household.

Subd. 3. [DETERMINATION OF FAMILY RESOURCES.] When determining a family's resources, the following are excluded:

(1) the family's home, together with ~~the~~ surrounding property that does not exceed ten acres and that is not separated from the home by intervening property owned by others;

(2) one burial plot for each family member;

(3) one prepaid burial contract with an equity value of no more than $1,500 for each member of the family;

(4) licensed automobiles, trucks, or vans up to a total equity value of $4,500;

(5) ~~the value of~~ personal property needed to produce earned income, including tools, implements, farm animals, and inventory;

(6) the entire equity value of a motor vehicle determined to be necessary for the operation of a self-employment business; and

(7) clothing, necessary household furniture, equipment, and other basic maintenance items essential for daily living.

Subd. 4. [TREATMENT OF SSI AND MSA.] The monthly benefits and any other income received through the supplemental security income or Minnesota supplemental aid ~~programs~~ program and any real or personal property of ~~a person receiving~~ an assistance unit member who receives supplemental security income or Minnesota supplemental aid must be excluded in determining the family's eligibility for the Minnesota family investment plan and the amount of assistance. In determining the amount of assistance to be paid to the family, the needs of the person receiving supplemental security income or Minnesota supplemental aid must not be taken into account.

Subd. 5. [ABILITY TO APPLY FOR FOOD STAMPS.] A family that is ineligible for assistance through the Minnesota family investment plan due to income or resources may apply for, and if eligible receive, benefits under the food stamp program.

Sec. 10. Minnesota Statutes 1990, section 256.034, is amended to read:

256.034 [PROGRAM SIMPLIFICATION.]

Subdivision 1. [CONSOLIDATION OF TYPES OF ASSISTANCE.] Under the Minnesota family investment plan, assistance previously provided to families through the AFDC, food stamp, and general assistance programs must be combined into a single cash

assistance program. ~~If~~ As authorized by Congress, families receiving assistance through the Minnesota family investment plan are automatically eligible for and entitled to medical assistance under chapter 256B. Federal, state, and local funds that would otherwise be allocated for assistance to families under the AFDC, food stamp, and general assistance programs must be transferred to the Minnesota family investment plan. The provisions of the Minnesota family investment plan prevail over any provisions of sections 256.72 to 256.87 or 256D.01 to 256D.21 and any rules implementing those sections with which they are irreconcilable. The food stamp, general assistance, and work readiness programs for single persons and couples who are not responsible for the care of children are not replaced by the Minnesota family investment plan.

Subd. 2. [COUPON OPTION.] Families have the option to receive a ~~portion of their assistance~~ standardized amount of assistance as described in Public Law Number 101-202, section 22(a)(3)(D), designated by the commissioner, in the form of food coupons or vendor payments.

Subd. 3. [MODIFICATION OF ELIGIBILITY TESTS.] (a) A needy family is eligible and entitled to receive assistance under the program even if its children are not found to be deprived of parental support or care by reason of death, continued absence from the home, physical or mental incapacity of a parent, or unemployment of a parent, provided the family's income and resources do not exceed the eligibility requirements in section 256.033. In addition, a ~~family member~~ caregiver who is in the assistance unit who is physically and mentally fit, who is between the ages of 18 and 60 years, who is enrolled at least half time in an institution of higher education, and whose family income and resources do not exceed the eligibility requirements in section 256.033, is eligible for assistance under the Minnesota family investment plan even if the conditions for eligibility as prescribed under the federal Food Stamp Act of 1977, as amended, are not met.

(b) An applicant for, or a person receiving, assistance under the Minnesota family investment plan is considered to have assigned to the public agency responsible for child support enforcement at the time of application all rights to child support, health care benefits coverage, and maintenance from any other person the applicant may have in the applicant's own behalf or on behalf of any other family member for whom application is made under the Minnesota family investment plan. The provisions of section 256.74, subdivision 5, govern the assignment. An applicant for, or a person receiving, assistance under the Minnesota family investment plan shall cooperate with the efforts of the county agency to collect child and spousal support. The county agency is entitled to any child support and maintenance received by or on behalf of the person receiving assistance or another member of the family for which the person receiving assistance is responsible. Failure by an applicant or a

person receiving assistance to cooperate with the efforts of the county agency to collect child and spousal support without good cause must be sanctioned according to section 256.035, subdivision 3.

(c) An applicant for, or a person receiving, assistance under the Minnesota family investment plan is not required to comply with the employment and training requirements prescribed under sections 256.736, subdivisions 3, 3a, and 14; and 256D.05, subdivision 1; section 402(a)(19) of the Social Security Act; the federal Food Stamp Act of 1977, as amended; Public Law Number 100-485; or any other state or federal employment and training program, unless and to the extent compliance is specifically required in a ~~contract~~ family support agreement with the county agency or its designee.

Subd. 4. [SIMPLIFICATION OF BUDGETING PROCEDURES.] The monthly amount of assistance provided by the Minnesota family investment plan must be calculated ~~on a prospective basis~~ by taking into account actual income or circumstances that existed in a previous month and other relevant information to predict income and circumstances for the next month or months. When a family has a significant change in circumstances, the budgeting cycle must be interrupted and the amount of assistance for the payment month must be based on the county agency's best estimate of the family's income and circumstances for that month. Families may be required to report their income monthly, but income may be averaged over a period of more than one month.

Subd. 5. [SIMPLIFICATION OF VERIFICATION PROCEDURES.] Verification procedures must be reduced to the minimum that is workable and consistent with the goals and requirements of the Minnesota family investment plan as determined by the commissioner.

Sec. 11. Minnesota Statutes 1990, section 256.035, is amended to read:

256.035 [INCOME SUPPORT AND TRANSITION.]

Subdivision 1. [EXPECTATIONS.] All families eligible for assistance under the family investment plan are expected to be in transitional status as defined in section 256.032, subdivision 12. To be considered in transitional status, families must meet the following expectations:

(a) For a family headed by a single adult ~~parent~~ parental caregiver, the expectation is that the ~~parent~~ parental caregiver will independently pursue self-sufficiency until the family has received assistance for 24 months within the preceding 36 months. Beginning with the 25th month of assistance, the parent must be developing or

~~have a contract and comply~~ complying with the terms of the ~~contract with the county agency or its designee~~ family support agreement.

(b) For a family with a minor ~~parent~~ parental caregiver or a family whose parental caregiver is 18 or 19 years of age and does not have a high school diploma or its equivalent, the expectation is that, concurrent with the receipt of assistance, the ~~minor parent~~ parental caregiver must be developing or ~~have a contract with the county agency~~ complying with a family support agreement. The terms of the ~~contract~~ family support agreement must include compliance with section 256.736, subdivision 3b. However, if the assistance unit does not comply with section 256.736, subdivision 3b, the sanctions in subdivision 3 apply.

(c) For a family with two adult ~~parents~~ parental caregivers, the expectation is that at least one ~~or both parents~~ parent will independently pursue self-sufficiency until the family has received assistance for six months within the preceding 12 months. Beginning with the seventh month of assistance, one parent must be developing or ~~have a contract and comply~~ complying with the terms of the ~~contract with the county agency or its designee~~ family support agreement.

Subd. 2. [EXEMPTIONS.] (a) A caregiver is exempt from the requirement of developing ~~a contract~~ and complying with the terms of the ~~contract developed with the county agency~~ family support agreement, or engaging in transitional activities, if:

(1) the caregiver is not the natural or adoptive parent of a minor child; or

(2) ~~in the case of a parental caregiver, the county agency determines that:~~

~~(i) individual circumstances prevent compliance;~~

~~(ii) support services necessary to enable compliance are not available;~~

~~(iii) activities identified in the contract are not available; or~~

~~(iv) a parental caregiver is willing to accept suitable employment but employment is not available.~~ the caregiver is exempt under United States Code, title 7, section 2031(c)(1)(A)(B)(C)(D)(E) or (F);

(b) A parental caregiver exempt under paragraph (a), clause (2), may meet with a case manager and develop an employability plan if the parental caregiver fits one of the categories of expectations in subdivision 1, and may receive support services including child care

if needed to participate in activities identified in the employability plan.

Subd. 2a. [GOOD CAUSE.] The county agency shall not impose the sanction in subdivision 3 if it determines that the parental caregiver has good cause for not meeting the expectations of developing and complying with the terms of a family support agreement developed with the county agency. Good cause exists when:

(1) needed child care is not available;

(2) the job does not meet the definition of suitable employment in section 256.032, subdivision 11a;

(3) the parental caregiver is ill or injured;

(4) a family member is ill and needs care by the parental caregiver that prevents the parental caregiver from complying with the family support agreement;

(5) the parental caregiver is unable to secure the necessary transportation;

(6) the parental caregiver is in an emergency situation which prevents compliance with the family support agreement;

(7) the schedule of compliance with the family support agreement conflicts with judicial proceedings;

(8) the parental caregiver is already participating in acceptable activities;

(9) the family support agreement requires an educational program for a parent under age 20, but the educational program is not offered in the school district;

(10) activities identified in the family support agreement are not available;

(11) the parental caregiver is willing to accept suitable employment as defined in section 256.032, subdivision 11a, but employment is not available; or

(12) the parental caregiver documents other verifiable impediments to compliance with the family support agreement beyond the parental caregiver's control.

Subd. 3. [SANCTIONS.] A family whose parental caregiver is not exempt from the expectations in subdivision 1 and who is not

complying with those expectations by developing or complying with the family support agreement must have assistance reduced by a value equal to ten percent of the transitional standard as defined in section 256.032, subdivision 13. This reduction is effective with the month following the finding of noncompliance and continues until the beginning of the month after failure to comply ceases. The county ~~agency~~ must ~~notify~~ provide written notice to the parental caregiver of its intent to implement this sanction and the opportunity to have a conciliation conference, upon request, before the ~~sanctions are~~ sanction is implemented. Implementation of the sanction shall be postponed pending resolution of the conciliation conference under section 256.036, subdivision 5, or hearing under section 256.045.

Subd. 4. [TREATMENT OF INCOME FOR THE PURPOSES OF CONTINUED ELIGIBILITY.] To help families during their transition from the Minnesota family investment plan to self-sufficiency, the following income supports are available:

(a) The $30 and one-third and ~~$75~~ $90 disregards allowed under section 256.74, subdivision 1, and the 20 percent earned income deduction allowed under the federal Food Stamp Act of 1977, as amended, are replaced with a single disregard of not less than 35 percent of gross earned income to cover taxes and other work-related expenses and to reward the earning of income. This single disregard is available for the entire time a family receives assistance through the Minnesota family investment plan.

(b) The dependent care deduction, as prescribed under section 256.74, subdivision 1, and United States Code, title 7, section 2014(e), is replaced for families with earned income who need assistance with dependent care with an entitlement to a dependent care subsidy from money ~~earmarked~~ appropriated for the Minnesota family investment plan.

(c) The family wage level, as defined in section 256.032, subdivision 8, allows families to supplement earned income with assistance received through the Minnesota family investment plan. If, after earnings are adjusted according to the disregard described in paragraph (a), earnings have raised family income to a level equal to or greater than the family wage level, the amount of assistance received through the Minnesota family investment plan must be reduced.

(d) The first $50 of any timely support payment for a month received by the public agency responsible for child support enforcement shall be paid to the family and disregarded in determining eligibility and the amount of assistance in accordance with United States Code, title 42, sections 602(a)(8)(A)(vi) and 657(b)(1). This paragraph applies regardless of whether the caregiver is in transitional status, is exempt from ~~having~~ developing or complying with

the terms of a ~~contract~~ family support agreement, or has had a sanction imposed under subdivision 3.

Subd. 5. [ORIENTATION.] ~~All caregivers receiving assistance through the Minnesota family investment plan must attend orientation~~ The county agency must provide orientation which supplies information to caregivers about the Minnesota family investment plan, and must encourage parental caregivers to engage in activities to stabilize the family and lead to employment and self-support.

~~Subd. 6. [CONTRACT.] (a) To receive the transitional standard of assistance, a single adult parent who is a member of a family that has received assistance through the Minnesota family investment plan for 24 months within the preceding 36 months, a minor parent receiving assistance through the Minnesota family investment plan, and one parent in a two-parent family that has received assistance through the Minnesota family investment plan for six months within the preceding 12 months, must comply with the terms of a contract with the county agency or its designee unless exempt under subdivision 2. Case management must be provided to a caregiver who is a parent to assist the caregiver in meeting established goals and to monitor the caregiver's progress toward achieving those goals. The parental caregiver and the county agency must finalize the contract as soon as possible, but in any event within a reasonable period of time after the deadline specified in subdivision 1, paragraph (a), (b), or (c), whichever applies.~~

~~(b) A contract must identify the parental caregiver's employment goal and explain what steps the family must take to pursue self-sufficiency. Activities may include:~~

~~(1) orientation;~~

~~(2) employment;~~

~~(3) employment and training services as defined under section 256.736, subdivision 1a, paragraph (d);~~

~~(4) preemployment activities;~~

~~(5) participation in an educational program leading to a high school or general equivalency diploma and post-secondary education programs, excluding postbaccalaureate degrees as provided in section 256.736, subdivision 1a, paragraph (d);~~

~~(6) case management;~~

~~(7) social services; or~~

~~(8) other programs or services leading to self-sufficiency.~~

~~The contract must also identify the services that the county agency will provide to the family that the family needs to enable the parental caregiver to comply with the contract, including support services such as transportation and child care.~~

Subd. 6a. [CASE MANAGEMENT SERVICES.] (a) The county agency will provide case management services to caregivers required to develop and comply with a family support agreement as provided in subdivision 1. For minor parents, the responsibility of the case manager shall be as defined in section 256.736, subdivision 3b. Sanctions for failing to develop or comply with the terms of a family support agreement shall be imposed according to subdivision 3. When a minor parent reaches age 17, or earlier if determined necessary by the social service agency, the minor parent shall be referred for case management services.

(b) Case managers shall provide the following services:

(1) the case manager shall provide or arrange for an assessment of the family and caregiver's needs, interests, and abilities according to section 256.736, subdivision 11, paragraph (a), clause (1);

(2) the case manager shall coordinate services according to section 256.736, subdivision 11, paragraph (a), clause (3);

(3) the case manager shall develop an employability plan according to subdivision 6b;

(4) the case manager shall develop a family support agreement according to subdivision 6c; and

(5) the case manager shall monitor the caregiver's compliance with the employability plan and the family support agreement as required by the commissioner.

(c) Case management may continue for up to six months following the caregiver's achievement of employment goals.

Subd. 6b. [EMPLOYABILITY PLAN.] (a) The case manager shall develop an employability plan with the caregiver according to this subdivision and section 256.736, subdivision 11, paragraph (a), clause (2), which will be based on the assessment in subdivision 6a of the caregiver's needs, interests, and abilities.

(b) An employability plan must identify the caregiver's employment goal or goals and explain what steps the family must take to pursue self-sufficiency.

(c) Activities in the employability plan may include preemployment activities such as: programs, activities, and services related to

job training and job placement. These preemployment activities may include, based on availability and resources, participation in dislocated worker services, chemical dependency treatment, mental health services, self-esteem enhancement activities, peer group networks, displaced homemaker programs, education programs leading toward the employment goal, parenting education, and other programs to help the families reach their employment goals and enhance their ability to care for their children.

Subd. 6c. [FAMILY SUPPORT AGREEMENT.] (a) The family support agreement is the enforceable component of the employability plan as described in subdivision 6b and section 256.736, subdivision 10, paragraph (a), clause (15). A parental caregiver's failure to comply with any part of the family support agreement without good cause as provided in subdivision 2a is subject to sanction as provided in subdivision 3.

(b) A family support agreement must identify the parental caregiver's employment goal or goals and outline the steps which the parental caregiver and case manager mutually determined are necessary to achieve each goal. Activities are limited to:

(1) employment;

(2) employment and training activities; or

(3) education up to a baccalaureate degree.

(c) A family support agreement shall include only those activities described in paragraph (b). Social Services or activities, such as mental health or chemical dependency services, parenting education, or budget management, can be included in the employability plan and not in the family support agreement and are not subject to a sanction under subdivision 3.

(d) For a parental caregiver whose employability plan is composed entirely of services described in paragraph (c), the family support agreement shall designate a date for reassessment of the activities needed to reach the parental caregiver's employment goal and this date shall be considered as the content of the family support agreement. The parental caregiver and case manager shall meet at least semiannually to review and revise the family support agreement.

(e) The family support agreement must identify the services that the county agency will provide to the family to enable the parental caregiver to comply with the family support agreement, including support services such as transportation and child care.

(f) The family support agreement must state the parental caregiv-

er's obligations and the conditions under which the county agency will recommend a sanction be applied to the grant and withdraw the services.

(g) The family support agreement will specify a date for completion of activities leading to the employment goal.

(h) The family support agreement must be signed and dated by the case manager and parental caregiver. In all cases, the case manager must assist the parental caregiver in reviewing and understanding the family support agreement and must assist the caregiver in setting realistic goals in the agreement which are consistent with the ultimate goal of financial support for the caregiver's family. The case manager must inform the caregiver of the right to seek conciliation as provided in subdivision 6e.

(i) The caregiver may revise the family support agreement with the case manager when good cause indicates revision is warranted. Revisions for reasons other than good cause to employment goals or steps toward self-support may be made in the first six months after the signing of the family support agreement with the approval of the case manager. After that, the revision must be approved by the case management supervisor or other persons responsible for review of case management decisions.

Subd. 6d. [LENGTH OF JOB SEARCH.] When the family support agreement specifies a date when job search should begin, the parental caregiver must participate in employment search activities. If, after three months of search, the parental caregiver does not find a job that is consistent with the parental caregiver's employment goal, the parent must accept any suitable employment. The search may be extended for up to three months if the parental caregiver seeks and needs additional job search assistance.

Subd. 6e. [CONCILIATION.] A conciliation procedure shall be available as provided in section 256.736, subdivision 11, paragraph (c). The conciliation conference will be available to parental caregivers who cannot reach agreement with the case manager about the contents or interpretation of the family support agreement, or who have received a notice of intent to implement a sanction as required under subdivision 3. Implementation of the sanction will be postponed pending the outcome of conciliation. The conciliation conference will be facilitated by a neutral mediator, and the goal will be to achieve mutual agreement between the parental caregiver and case manager. The conciliation conference is an optional procedure preceding the hearing process under section 256.045.

~~Subd. 7. [EMPLOYMENT BONUS.] A family leaving the program as a result of increased earnings through employment is entitled to an employment bonus. This bonus is a one-time cash incentive, not more than the family's monthly payment standard, to~~

~~cover initial expenses incurred by the family leaving the Minnesota family investment plan.~~

Subd. 8. [CHILD CARE.] The commissioner shall ensure that each Minnesota family investment plan caregiver who is ~~a parent in transitional status~~ employed or is developing or is engaged in activities identified in an employability plan under subdivision 6b and who needs assistance with child care costs to ~~independently pursue self-sufficiency~~ be employed or to develop or comply with the terms of ~~a contract with the county agency~~ an employability plan receives a child care subsidy through child care money ~~earmarked~~ appropriated for the Minnesota family investment plan. The subsidy must cover all actual child care costs for eligible hours up to the maximum rate allowed under ~~sections~~ section 256H.15 ~~and 256H.16~~. A caregiver who is ~~a parent~~ in the assistance unit who leaves the program as a result of increased earnings from employment and who needs child care assistance to remain employed is entitled to extended child care assistance as provided under United States Code, title 42, section 602(g)(1)(A)(ii) on a copayment basis.

Subd. 9. [HEALTH CARE.] A family leaving the program as a result of increased earnings from employment is eligible for extended medical assistance as provided under Public Law Number 100-485, section 303, as amended and Public Law Number 101-239, section 8015(b)(7).

Sec. 12. Minnesota Statutes 1990, section 256.036, subdivision 1, is amended to read:

Subdivision 1. [SUPPORT SERVICES.] If assistance with child care or transportation is necessary to enable a parental caregiver ~~who is a parent~~ to work, obtain training or education, attend orientation, or comply with the terms of a ~~contract~~ family support agreement with the county agency, and the county agency determines that child care or transportation is not available, the family's applicable standard of assistance continues to be the transitional standard.

Sec. 13. Minnesota Statutes 1990, section 256.036, subdivision 2, is amended to read:

Subd. 2. [VOLUNTEERS.] For caregivers receiving assistance under the Minnesota family investment plan who are not currently employed but who are independently pursuing self-sufficiency, case management ~~and~~, support services ~~other than~~, and child care are available to the extent that resources permit. A caregiver who volunteers is not subject to a sanction under section 256.035, subdivision 3.

Sec. 14. Minnesota Statutes 1990, section 256.036, subdivision 4, is amended to read:

Subd. 4. [TIMELY ASSISTANCE.] Applications must be processed in a timely manner according to the processing standards of the federal Food Stamp Act of 1977, as amended, and no later than 30 days following the date of application, unless the county agency has requested information that the applicant has not yet supplied. Financial assistance must be provided ~~on no less than a~~ at least monthly ~~basis~~ to eligible families.

Sec. 15. Minnesota Statutes 1990, section 256.036, subdivision 5, is amended to read:

Subd. 5. [DUE PROCESS.] Any family that applies for or receives assistance under the Minnesota family investment plan whose application for assistance is denied or not acted upon with reasonable promptness, or whose assistance is suspended, reduced, terminated, or claimed to have been incorrectly paid, is entitled, upon request, to a hearing under section 256.045. A parental caregiver may request a conciliation conference, as provided under section ~~256.736~~ 256.035, ~~subdivisions 4a and 11~~ subdivision 6e, when the caregiver disputes the ~~contents~~ terms of a ~~contract~~ family support agreement developed under the Minnesota family investment plan or disputes a decision regarding failure or refusal to ~~cooperate~~ comply with the terms of a ~~contract~~ family support agreement. The disputes are not subject to administrative review under section 256.045, unless they result in a denial, suspension, reduction, or termination, and the parental caregiver complies with section 256.045. A caregiver need not request a conciliation conference to request a hearing according to section 256.045.

Sec. 16. [256.0361] [FIELD TRIAL OPERATION.]

Subdivision 1. [LOCAL PLAN.] A county that is selected to serve as a field trial or control site shall carry out the activities necessary to perform the evaluation for the duration of the field trials.

Subd. 2. [FINANCIAL REIMBURSEMENT.] (a) Up to the limit of the state appropriation, a county selected by the commissioner to serve as a field trial or a control site for the Minnesota family investment plan shall be reimbursed by the state for the nonfederal share of administrative costs that were incurred during the development, implementation, and operation of the program and that exceed the administrative costs that would have been incurred in the absence of the program.

(b) Minnesota family investment plan assistance is included as covered programs and services under section 256.025, subdivision 2.

Sec. 17. Minnesota Statutes 1990, section 256.736, subdivision 3a, is amended to read:

Subd. 3a. [PARTICIPATION.] (a) Except as provided under paragraphs (b) and (c), participation in employment and training services under this section is limited to the following recipients:

(1) caretakers who are required to participate in a job search under subdivision 14;

(2) custodial parents who are subject to the school attendance or case management participation requirements under subdivision 3b;

(3) caretakers whose participation in employment and training services began prior to May 1, 1990, if the caretaker's AFDC eligibility has not been interrupted for 30 days or more and the caretaker's employability development plan has not been completed;

(4) recipients who are members of a family in which the youngest child is within two years of being ineligible for AFDC due to age;

(5) ~~effective September 1, 1990,~~ custodial parents under the age of ~~22~~ 24 who: (i) have not completed a high school education and who, at the time of application for AFDC, were not enrolled in high school or in a high school equivalency program; or (ii) have had little or no work experience in the preceding year;

(6) recipients who have received AFDC for ~~48~~ 36 or more months out of the last 60 months;

(7) recipients who are participants in the self-employment investment demonstration project under section 268.95; and

(8) recipients who participate in the new chance research and demonstration project under contract with the department of human services.

(b) If the commissioner determines that participation of persons listed in paragraph (a) in employment and training services is insufficient either to meet federal performance targets or to fully utilize funds appropriated under this section, the commissioner may, after notifying the chairs of the senate and house health and human services committees, the health and human services division of the senate finance committee, and the health and human services division of the house appropriations committee, permit additional groups of recipients to participate until the next meeting of the legislative advisory commission, after which the additional groups may continue to enroll for participation unless the legislative advisory commission disapproves the continued enrollment. The commissioner shall allow participation of additional groups in the following order only as needed to meet performance targets or fully utilize funding for employment and training services under this section:

(1) ~~recipients who have received at least 42 months of AFDC out of the previous 60 months;~~

~~(2) custodial parents under the age of 24 who meet the criteria in paragraph (a), clause (5), subclause (i) or (ii);~~

~~(3) recipients who have received at least 36 months of AFDC out of the previous 60 months;~~

~~(4)~~ recipients who have received 24 or more months of AFDC out of the previous 48 months; and

~~(5)~~ (2) recipients who have not completed a high school education or a high school equivalency program.

(c) To the extent of money appropriated specifically for this paragraph, the commissioner may permit AFDC caretakers who are not eligible for participation in employment and training services under the provisions of paragraph (a) or (b) to participate in approved self-initiated training and education activities as defined in Code of Federal Regulations, title 45, section 250.48, and to receive support services while they are participating. Money must be allocated to county agencies based on the county's percentage of participants statewide in services under this section in the prior calendar year. ~~Counties must provide equal or greater services to participants enrolled under this paragraph, as measured in average per client expenditures, as provided to other participants in employment and training services under this section.~~ Caretakers must be selected on a first-come, first-served basis from a waiting list of caretakers who volunteer to participate. The commissioner may, on a quarterly basis, reallocate unused allocations to county agencies that have sufficient volunteers. If funding under this paragraph is discontinued in future fiscal years, caretakers who began participating under this paragraph must be deemed eligible under paragraph (a), clause (3).

Sec. 18. Minnesota Statutes 1990, section 256.82, subdivision 1, is amended to read:

Subdivision 1. [~~MONTHLY~~ DIVISION OF COSTS AND 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. The state share of the nonfederal portion of county agency expenditures shall be 85 percent and the county share shall be 15 percent. ~~Payments to counties for costs incurred shall include an amount of state funds equal to 85 percent of the difference between the total estimated cost and the federal funds so available for payments made.~~ Benefits shall be issued to recipients

by the state or county and funded according to section 256.025, subdivision 3, subject to provisions of section 256.017. Beginning July 1, 1991, the state will reimburse counties according to the payment schedule in section 256.025 for the county share of county agency expenditures under this subdivision from January 1, 1991, on. Payment to counties under this subdivision is subject to the provisions of section 256.017. Adjustment of any overestimate or underestimate made by any county shall be paid upon the direction of the state agency in any succeeding month.

Sec. 19. Minnesota Statutes 1990, section 256.871, subdivision 6, is amended to read:

Subd. 6. [REPORTS OF ESTIMATED EXPENDITURES; PAYMENTS.] The county agency shall submit to the state agency reports required under section 256.01, subdivision 2, paragraph (17). Fiscal reports shall estimate expenditures for each succeeding month in such form as required by the state agency. ~~Payment shall be made monthly in advance by the state agency to the counties, of federal funds available for that purpose for each succeeding month. The state share of the nonfederal portion of county agency expenditures shall be ten percent and the county share shall be 90 percent. Payments to counties for costs incurred shall include an amount of state funds equal to ten percent of the difference between the total estimated cost and the federal funds available.~~ The state share of the nonfederal portion of eligible expenditures shall be ten percent and the county share shall be 90 percent. Benefits shall be issued to recipients by the state or county and funded according to section 256.025, subdivision 3, subject to provisions of section 256.017. Beginning July 1, 1991, the state will reimburse counties according to the payment schedule set forth in section 256.025 for the county share of county agency expenditures made under this subdivision from January 1, 1991, on. Payment ~~to counties~~ under this subdivision is subject to the provisions of section 256.017. Adjustment of any overestimate or underestimate made by any county shall be paid upon the direction of the state agency in any succeeding month.

Sec. 20. Minnesota Statutes 1990, section 256.935, subdivision 1, is amended to read:

Subdivision 1. On the death of any person receiving public assistance through aid to dependent children, the county agency shall pay an amount for funeral expenses not exceeding $370 and actual cemetery charges. No funeral expenses shall be paid if the estate of the deceased is sufficient to pay such expenses or if the children, or spouse, who were legally responsible for the support of the deceased while living, are able to pay such expenses; provided, that the additional payment or donation of the cost of cemetery lot, interment, religious service, or for the transportation of the body into or out of the community in which the deceased resided, shall not

limit payment by the county agency as herein authorized. Freedom of choice in the selection of a funeral director shall be granted to persons lawfully authorized to make arrangements for the burial of any such deceased recipient. In determining the sufficiency of such estate, due regard shall be had for the nature and marketability of the assets of the estate. The county agency may grant funeral expenses where the sale would cause undue loss to the estate. Any amount paid for funeral expenses shall be a prior claim against the estate, as provided in section 524.3-805, and any amount recovered shall be reimbursed to the agency which paid the expenses. The commissioner shall specify requirements for reports, including fiscal reports, according to section 256.01, subdivision 2, paragraph (17). The state share of county agency expenditures shall be 50 percent and the county share shall be 50 percent. ~~The state shall reimburse the county for 50 percent of county agency expenditures made for funeral expenses.~~ Benefits shall be issued to recipients by the state or county and funded according to section 256.025, subdivision 3, subject to provisions of section 256.017.

Beginning July 1, 1991, the state will reimburse counties according to the payment schedule set forth in section 256.025 for the county share of county agency expenditures made under this subdivision from January 1, 1991, on. Payment ~~to counties~~ under this subdivision is subject to the provisions of section 256.017.

Sec. 21. Minnesota Statutes 1990, section 256.98, is amended by adding a subdivision to read:

Subd. 8. [DISQUALIFICATION FROM PROGRAM.] Any person convicted of wrongfully obtaining assistance by a federal or state court, in either the aid to families with dependent children program or the food stamp program, shall be disqualified from that program. The needs of that individual shall not be taken into consideration in determining the grant level for that assistance unit:

(1) for six months after the first conviction;

(2) for 12 months after the second conviction; and

(3) permanently after the third or subsequent conviction.

Any period for which sanctions are imposed is effective, without possibility of administrative stay, until the conviction upon which the sanctions were imposed is reversed by a court of competent jurisdiction. The period for which sanctions are imposed is not subject to review. The sanctions provided under this subdivision are in addition to, and not in substitution for, any other sanctions that may be provided for by law for the offense involved. When the disqualified individual is a caretaker relative, the remainder of the aid to families with dependent children grant payable to the other eligible assistance unit members shall be provided in the form of

protective payments. These payments can be made to the disqualified individual only if, after reasonable efforts, the county agency documents that it cannot locate an appropriate protective payee. Protective payments shall continue until the disqualification period ends.

Sec. 22. Minnesota Statutes 1990, section 256.983, is amended to read:

256.983 [FRAUD PREVENTION INVESTIGATIONS.]

Subdivision 1. [PROGRAMS ESTABLISHED.] ~~(a) Within the limits of available appropriations, and to the extent either required or authorized by applicable federal regulations, the commissioner of human services shall select and fund not less than four pilot projects for a two-year period to test the effectiveness of fraud prevention investigations conducted at the point of application for assistance. County agencies must be selected to be involved in the pilot projects based on their response to requests for proposals issued by the commissioner. One of the county agencies selected must be located in either Hennepin or Ramsey county, one must be from a county in the seven-county metropolitan area other than Hennepin and Ramsey counties, and two must be located outside the metropolitan area.~~

~~(b) If proposals are not submitted, the commissioner may select the county agencies to be involved. The county agencies must be selected from the locations described in paragraph (a).~~ Within the limits of available appropriations, and to the extent required or authorized by applicable federal regulations, the commissioner of human services shall require the establishment of fraud prevention investigation programs in the seven counties participating in the fraud prevention investigation pilot project established under Laws 1989, chapter 282, article 5, section 41, and in 11 additional Minnesota counties with the largest aid to families with dependent children program caseloads as of July 1, 1991. If funds are sufficient, the commissioner may also extend fraud prevention investigation programs to other counties that have welfare fraud control programs already in place based on enhanced funding contracts covering the fraud investigation function.

Subd. 2. [COUNTY PROPOSALS.] Each participating county agency shall develop and submit an annual staffing and funding proposal to the commissioner no later than April 30 of each year. Each proposal shall include, but not be limited to, the staffing and funding of the fraud prevention investigation program, a job description for investigators involved in the fraud prevention investigation program, and the organizational structure of the county agency unit, training programs for case workers, and the operational requirements which may be directed by the commissioner. The proposal shall be approved, to include any changes directed or negotiated by the commissioner, no later than June 30 of each year.

Subd. 3. [DEPARTMENT RESPONSIBILITIES.] The commissioner shall establish training programs which shall be attended by all investigative and supervisory staff of the involved county agencies. The commissioner shall also develop the necessary operational guidelines, forms, and reporting mechanisms, which shall be used by the involved county agencies.

Subd. 4. [FUNDING.] Every involved county agency shall either have in place or obtain an approved contract which meets all federal requirements necessary to obtain enhanced federal funding for its welfare fraud control and fraud prevention investigation programs. County agency reimbursement shall be made through the settlement provisions applicable to the aid to families with dependent children and food stamp programs.

Sec. 23. [256.984] [DECLARATION AND PENALTY.]

Subdivision 1. [DECLARATION.] Every application for food stamps under chapter 393 shall be in writing or reduced to writing as prescribed by the state agency and shall contain the following declaration which shall be signed by the applicant:

"I declare under the penalties of perjury that this application has been examined by me and to the best of my knowledge is a true and correct statement of every material point."

Subd. 2. [PENALTY.] Any person who willfully and falsely makes the declaration in subdivision 1 is guilty of perjury and shall be subject to the penalties prescribed in section 609.48.

Sec. 24. Minnesota Statutes 1990, section 256B.064, subdivision 2, is amended to read:

Subd. 2. The commissioner shall determine monetary amounts to be recovered and the sanction to be imposed upon a vendor of medical care for conduct described by subdivision 1a. Neither a monetary recovery nor a sanction will be sought by the commissioner without prior notice and an opportunity for a hearing, pursuant to chapter 14, on the commissioner's proposed action, provided that the commissioner may suspend or reduce payment to a vendor of medical care, except a nursing home or convalescent care facility, prior to the hearing if in the commissioner's opinion that action is necessary to protect the public welfare and the interests of the program.

Upon receipt of a notice that a monetary recovery or sanction is to be imposed, a vendor may request a contested case, as defined in section 14.02, subdivision 3, by filing with the commissioner a written request of appeal. The appeal request must be received by the commissioner no later than 30 days after the date the notifica-

tion of monetary recovery or sanction was mailed to the vendor. The appeal request must specify:

(1) each disputed item, the reason for the dispute, and an estimate of the dollar amount involved for each disputed item;

(2) the computation that the vendor believes is correct;

(3) the authority in statute or rule upon which the vendor relies for each disputed item;

(4) the name and address of the person or entity with whom contacts may be made regarding the appeal; and

(5) other information required by the commissioner.

Sec. 25. Minnesota Statutes 1990, section 256D.03, subdivision 2, is amended to read:

Subd. 2. After December 31, 1980, state aid shall be paid ~~to county agencies~~ for 75 percent of all general assistance and work readiness grants up to the standards of sections 256D.01, subdivision 1a, and 256D.051, and according to procedures established by the commissioner, except as provided for under section 256.017 ~~and except that, until January 1, 1991, state aid is reduced to 65 percent of all work readiness assistance if the county agency does not make occupational or vocational literacy training available and accessible to recipients who are eligible for assistance under section 256D.051~~. Benefits shall be issued to recipients by the state or county and funded according to section 256.025, subdivision 3.

Beginning July 1, 1991, the state will reimburse counties according to the payment schedule in section 256.025 for the county share of county agency expenditures made under this subdivision from January 1, 1991, on. Payment to counties under this subdivision is subject to the provisions of section 256.017.

Sec. 26. Minnesota Statutes 1990, section 256D.03, subdivision 2a, is amended to read:

Subd. 2a. [COUNTY AGENCY OPTIONS.] Any county agency may, from its own resources, make payments of general assistance and work readiness 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, or 256D.051 but for whom the aid would further the purposes established in the general assistance or work readiness program in accordance with rules adopted by the commissioner pursuant to the administrative procedure act. The Minnesota department of human

services may maintain client records and issue these payments, providing the cost of benefits is paid by the counties to the department of human services in accordance with sections 256.01 and 256.025, subdivision 3.

Sec. 27. Minnesota Statutes 1990, section 256D.05, subdivision 6, is amended to read:

Subd. 6. [ASSISTANCE FOR PERSONS WITHOUT A VERIFIED RESIDENCE.] (a) For applicants or recipients of general assistance, emergency general assistance, or work readiness assistance who do not have a verified residence address, the county agency may provide assistance using one or more of the following methods:

(1) the county agency may provide assistance in the form of vouchers or vendor payments and provide separate vouchers or vendor payments for food, shelter, and other needs;

(2) the county agency may divide the monthly assistance standard into weekly payments, whether in cash or by voucher or vendor payment; or, if actual need is greater than the standards of assistance established under section 256D.01, subdivision 1a, issue assistance based on actual need. Nothing in this clause prevents the county agency from issuing voucher or vendor payments for emergency general assistance in an amount less than the standards of assistance; and

(3) the county agency may determine eligibility and provide assistance on a weekly basis. Weekly assistance can be issued in cash or by voucher or vendor payment and can be determined either on the basis of actual need or by prorating the monthly assistance standard.

(b) An individual may verify a residence address by providing a driver's license; a state identification card; a statement by the landlord, apartment manager, or homeowner verifying that the individual is residing at the address; or other written documentation approved by the commissioner.

(c) Notwithstanding the provisions of section 256D.06, subdivision 1, if the county agency elects to provide assistance on a weekly payment basis, the agency may not provide assistance for a period during which no need is claimed by the individual unless the individual has good cause for failing to claim need. The individual must be notified, each time weekly assistance is provided, that subsequent weekly assistance will not be issued unless the individual claims need. The advance notice required under section 256D.10 does not apply to weekly assistance ~~issued under this paragraph~~ that is withheld because the individual failed to claim need without good cause.

(d) The county agency may not issue assistance on a weekly basis to an applicant or recipient who has professionally certified mental illness or mental retardation or a related condition, or to an assistance unit that includes minor children, unless requested by the assistance unit.

Sec. 28. Minnesota Statutes 1990, section 256D.05, is amended by adding a subdivision to read:

Subd. 7. [INELIGIBILITY FOR GENERAL ASSISTANCE.] No person disqualified from any federally aided assistance program shall be eligible for general assistance during the period covered by the disqualification sanction.

Sec. 29. Minnesota Statutes 1990, section 256D.051, subdivision 1, is amended to read:

Subdivision 1. [WORK REGISTRATION.] (a) A person, family, or married couple who are residents of the state and whose income and resources are less than the standard of assistance established by the commissioner, but who are not eligible under section 256D.05, subdivision 1, are eligible for the work readiness program.

(b) Persons, families, and married couples who are not state residents but who are otherwise eligible for work readiness assistance may receive emergency assistance to meet emergency needs.

(c) Except for family members who must participate in work readiness services under the provisions of section 256D.05, subdivision 1, clause (14), any person who would be defined for purposes of the food stamp program as being enrolled at least half-time in an institution of higher education is ineligible for the work readiness program.

Sec. 30. Minnesota Statutes 1990, section 256D.36, subdivision 1, is amended to read:

Subdivision 1. [STATE PARTICIPATION.] (a) [ELIGIBILITY.] Commencing January 1, 1974, the commissioner shall certify to each county 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. The amount of supplemental aid for each individual eligible under this section shall be calculated according to the formula in title II, section 212(a) (3) of Public Law Number 93-66, as amended.

(b) [DIVISION COSTS.] 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 share of aid paid shall be 85 percent and the county share shall be 15 percent. ~~The amount of supplemental aid for each individual eligible under this section shall be calculated according to the formula in title II, section 212 (a) (3) of Public Law Number 93-66, as amended.~~ Benefits shall be issued to recipients by the state or county and funded according to section 256.025, subdivision 3, subject to provisions of section 256.017.

Beginning July 1, 1991, the state will reimburse counties according to the payment schedule in section 256.025 for the county share of county agency expenditures for financial benefits to individuals under this subdivision from January 1, 1991, on. Payment to counties under this subdivision is subject to the provisions of section 256.017.

Sec. 31. Minnesota Statutes 1990, section 256H.02, is amended to read:

256H.02 [DUTIES OF COMMISSIONER.]

The commissioner shall develop standards for county and human services boards to provide child care services to enable eligible families to participate in employment, training, or education programs. Within the limits of available appropriations, 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. In the rules adopted under this section, county and human services boards shall be authorized to establish policies for payment of child care spaces for absent children, when the payment is required by the child's regular provider. The rules shall not set a maximum number of days for which absence payments can be made, but instead shall direct the county agency to set limits and pay for absences according to the prevailing market practice in the county. County policies for payment of absences shall be subject to the approval of the commissioner. The commissioner shall maximize the use of federal money under the AFDC employment special needs program in section 256.736, subdivision 8, and other programs that provide federal reimbursement for child care services for recipients of aid to families with dependent children who are in education, training, job search, or other activities allowed under those programs. Money appropriated under this section must be coordinated with the AFDC employment special needs program and other programs that provide federal reimbursement for child care services to accomplish this purpose. Federal reimbursement obtained must be allocated to the county that spent money for child care that is federally reimbursable under ~~the AFDC employment special needs program or other~~ programs that provide federal reimbursement for

child care services. The counties shall use the federal money to expand child care services ~~to AFDC recipients~~. The commissioner may adopt rules under chapter 14 to implement and coordinate federal program requirements.

Sec. 32. Minnesota Statutes 1990, section 256H.03, is amended to read:

256H.03 [BASIC SLIDING FEE PROGRAM.]

Subdivision 1. [~~COUNTIES~~ ALLOCATION PERIOD; NOTICE OF ALLOCATION.] When the commissioner notifies county and human service boards of the forms and instructions they are to follow in the development of their biennial community social services plans required under section 256E.08, the commissioner shall also notify county and human services boards of their estimated child care fund program allocation for the two years covered by the plan. By June 1 of each year, the commissioner shall notify all counties of their final child care fund program allocation.

Subd. 1a. [WAITING LIST.] Each county that receives funds under this section ~~and section 256H.05~~ must keep a written record and report to the commissioner the number of eligible families who have applied for a child care subsidy or have requested child care assistance. Counties shall perform a cursory determination of eligibility when a family requests information about child care assistance. A family that appears to be eligible must be put on a waiting list if funds are not immediately available. The waiting list must identify students in need of child care. When money is available counties shall expedite the processing of student applications during key enrollment periods.

Subd. 2. [ALLOCATION; LIMITATIONS.] From July 1, 1991, through June 30, 1992, the commissioner shall allocate the money appropriated under the child care fund for the basic sliding fee program and shall allocate those funds between the metropolitan area, comprising the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and the area outside the metropolitan area as follows:

(1) 50 percent of the money shall be allocated among the counties on the basis of the number of families below the poverty level, as determined from the most recent census or special census; and

(2) 50 percent of the money shall be allocated among the counties on the basis of the counties' portion of the AFDC caseload for the preceding state fiscal year.

If, under the preceding formula, either the seven-county metropolitan area consisting of Anoka, Carver, Dakota, Hennepin, Ram-

sey, Scott, and Washington counties or the area consisting of counties outside the seven-county metropolitan area is allocated more than 55 percent of the basic sliding fee funds, each county's allocation in that area shall be proportionally reduced until the total for the area is no more than 55 percent of the basic sliding fee funds. The amount of the allocations proportionally reduced shall be used to proportionally increase each county's allocation in the other area.

Subd. 2a. [ELIGIBLE RECIPIENTS.] Families that meet the eligibility requirements under sections 256H.10, except AFDC recipients and transition year families, and 256H.11 are eligible for child care assistance under the basic sliding fee program. From July 1, 1990, to June 30, 1991, a county may not accept new applications for the basic sliding fee program unless the county can demonstrate that its state money expenditures for the basic sliding fee program for this period will not exceed 95 percent of the county's allocation of state money for the fiscal year ending June 30, 1990. As basic sliding fee program money becomes available to serve new families, eligible families whose benefits were terminated during the fiscal year ending June 30, 1990, for reasons other than loss of eligibility shall be reinstated. Families enrolled in the basic sliding fee program as of July 1, 1990, shall be continued until they are no longer eligible. Counties shall make vendor payments to the child care provider or pay the parent directly for eligible child care expenses on a reimbursement basis.

Subd. 2b. [FUNDING PRIORITY.] (a) First priority for child care assistance under the basic sliding fee program must be given to eligible non-AFDC families who do not have a high school or general equivalency diploma or who need remedial and basic skill courses in order to pursue employment or to pursue education leading to employment. Within this priority, the following subpriorities must be used:

(1) child care needs of minor parents;

(2) child care needs of parents under 21 years of age; and

(3) child care needs of other parents within the priority group described in this paragraph.

(b) Second priority must be given to ~~all other~~ parents who ~~are eligible for the basic sliding fee program~~ have completed their AFDC transition year.

Subd. 3. [REVIEW OF USE OF FUNDS; REALLOCATION.] After each quarter, the commissioner shall review the use of basic sliding fee program ~~and AFDC child care program~~ allocations by county. The commissioner may reallocate unexpended or unencumbered money among those counties who have expended their full

allocation. Any unexpended money from the first year of the biennium may be carried forward to the second year of the biennium.

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

(a) One-half of the funds shall be allocated in proportion to each county's total expenditures for the basic sliding fee child care program reported during the 12-month period ending on June 30 of the preceding calendar year.

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

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

Subd. 5. [FORMULA LIMITATION.] The amounts computed under subdivision 4 shall be subject to the following limitation. No county shall be allocated an amount less than its guaranteed floor as provided in subdivision 6. If the amount allocated to a county under subdivision 4 would be less that its guaranteed floor, the shortage shall be recovered proportionally from all counties which would be allocated more than their guaranteed floor.

Subd. 6. [GUARANTEED FLOOR.] (a) Each county's guaranteed floor shall equal the lesser of:

(1) the county's original allocation in the preceding calendar year; or

(2) 110 percent of the county's basic sliding fee child care program state earnings for the 12-month period ending on June 30 of the preceding calendar year. For purposes of this clause, "state earnings" means the reported nonfederal share of direct child care expenditures adjusted for the 15 percent required county match and seven percent administration limit.

(b) When the amount of funds available for allocation is less than the amount available in the previous year, each county's previous year allocation shall be reduced in proportion to the reduction in the statewide funding, for the purpose of establishing the guaranteed floor.

Sec. 33. [256H.035] [FEDERAL AT-RISK CHILD CARE PROGRAM.]

Subdivision 1. [COMMISSIONER TO ADMINISTER PROGRAM.] The commissioner of human services is authorized and directed to receive, administer, and expend funds available under the at-risk child care program under Public Law Number 101-508 (1).

Subd. 2. [RULEMAKING AUTHORITY.] The commissioner may adopt rules under chapter 14 to administer the at-risk child care program.

Sec. 34. Minnesota Statutes 1990, section 256H.05, is amended to read:

256H.05 [AFDC CHILD CARE PROGRAM.]

Subd. 1b. [ELIGIBLE RECIPIENTS.] Families eligible for guaranteed child care assistance under the AFDC child care program are:

(1) persons receiving services under section 256.736;

(2) AFDC recipients who are employed; ~~and~~

(3) persons who are members of transition year families under section 256H.01, subdivision 16; and

(4) members of the control group for the STRIDE evaluation conducted by the Manpower Demonstration Research Corporation.

Subd. 1c. [~~FUNDING~~ WAITING LIST PRIORITY.] AFDC recipients must be put on a waiting list for the basic sliding fee program when they leave AFDC due to their earned income.

Subd. 2. [COOPERATION WITH OTHER PROGRAMS.] The county shall develop cooperative agreements with the employment and training service provider for coordination of child care funding with employment, training, and education programs for all AFDC recipients who receive services under section 256.736. The cooperative agreement shall specify that individuals receiving employment, training, and education services under an employability plan from the employment and training service provider shall be guaranteed child care assistance from the county responsible for the current employability development plan.

Subd. 3. [CONTRACTS; OTHER USES ALLOWED.] Counties may contract for administration of the program or may arrange for or contract for child care funds to be used by other appropriate programs, in accordance with this section and as permitted by federal law and regulations.

Subd. 5. [FEDERAL REIMBURSEMENT.] Counties shall maximize their federal reimbursement under Public Law Number 100-485 or other federal reimbursement programs for money spent for persons ~~listed in this section~~ eligible under this chapter. The commissioner shall allocate any federal earnings to the county to be used to expand child care services under ~~these sections~~ this chapter.

Sec. 35. [256H.055] [FEDERAL CHILD CARE AND DEVELOPMENT BLOCK GRANT.]

Subdivision 1. [COMMISSIONER TO ADMINISTER BLOCK GRANT.] The commissioner of human services is authorized and directed to receive, administer, and expend child care funds available under the child care and development block grant authorized under Public Number 101-508 (2).

Subd. 2. [RULEMAKING AUTHORITY.] The commissioner may adopt rules under chapter 14 to administer the child care development block grant program.

Sec. 36. Minnesota Statutes 1990, section 256H.08, is amended to read:

256H.08 [USE OF MONEY.]

Money for persons listed in sections 256H.03, subdivision 2a, and 256H.05, subdivision 1b, shall be used to reduce the costs of child care for students, including the costs of child care for students while employed if enrolled in an eligible education program at the same time and making satisfactory progress towards completion of the program. Counties may not limit the duration of child care subsidies for a person in an employment or educational program, except when the person is found to be ineligible under the child care fund eligibility standards. Any limitation must be based on a person's employability plan in the case of an AFDC recipient, and county policies included in the child care allocation plan. Time limitations for child care assistance, as specified in Minnesota Rules, parts 9565.5000 to 9565.5200, do not apply to basic or remedial educational programs needed to prepare for post-secondary education or employment. These programs include: high school, general equivalency diploma, and English as a second language. Programs exempt from this time limit must not run concurrently with a post-secondary program. Financially eligible students who have received child care assistance for one academic year shall be provided child care assistance in the following academic year if funds allocated under sections 256H.03 and 256H.05 are available. If an AFDC recipient who is receiving AFDC child care assistance under this chapter moves to another county ~~as authorized in their employability plan~~, continues to participate in educational or training programs authorized in their employability development plans, and continues to be eligible for AFDC child care assistance under this

chapter, the AFDC caretaker must receive continued child care assistance from the county responsible for their current employability development plan, without interruption.

Sec. 37. Minnesota Statutes 1990, section 256H.09, is amended by adding a subdivision to read:

Subd. 5. Funds appropriated for the AFDC child care program under section 256H.05 and for the basic sliding fee program under section 256H.03 do not cancel to the general fund but shall be carried forward by the department of human services for child care subsidies to eligible families.

Sec. 38. Minnesota Statutes 1990, section 256H.15, subdivision 1, is amended to read:

Subdivision 1. [SUBSIDY RESTRICTIONS.] (a) Until June 30, 1991, the maximum child care rate is determined under this paragraph. The county board may limit the subsidy allowed by setting a maximum on the provider child care rate that the county shall subsidize. The maximum rate set by any county shall not be lower than 110 percent or higher than 125 percent of the median rate in that county for like care arrangements for all types of care, including special needs and handicapped care, as determined by the commissioner. If the county sets a maximum rate, it must pay the provider's rate for each child receiving a subsidy, up to the maximum rate set by the county. If a county does not set a maximum provider rate, it shall pay the provider's rate for every child in care. The maximum state payment is 125 percent of the median provider rate. If the county has not set a maximum provider rate and the provider rate is greater than 125 percent of the median provider rate in the county, the county shall pay the amount in excess of 125 percent of the median provider rate from county funding sources. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care, including special needs and handicapped care.

(b) Effective July 1, 1991, the maximum rate paid for child care assistance under the child care fund is the maximum rate eligible for federal reimbursement except ~~as~~ that a provider receiving reimbursement under paragraph (a) as of January 1, 1991, shall be paid at a rate no less than the rate of reimbursement received under that paragraph. A rate which includes a provider bonus paid under subdivision 2 or a special needs rate paid under subdivision 3 may be in excess of the maximum rate allowed under this subdivision 2. The department of human services shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care, including special needs and handicapped care.

(c) When the provider charge is greater than the maximum provider rate allowed, the parent is responsible for payment of the difference in the rates in addition to any family copayment fee.

Sec. 39. Minnesota Statutes 1990, section 256H.15, subdivision 2, is amended to read:

Subd. 2. [PROVIDER RATE BONUS FOR ACCREDITATION.] Currently accredited child care centers shall be paid a ten percent bonus above the maximum rate established in subdivision 1, up to the actual provider rate. A family day care provider shall be paid a ten percent bonus above the maximum rate established in subdivision 1, if the provider holds a current early childhood development credential approved by the commissioner, up to the actual provider rate. For purposes of this subdivision, "accredited" means accredited by the National Association for the Education of Young Children or the National Council on Accreditation of Services for Families and Children.

Sec. 40. Minnesota Statutes 1990, section 256H.15, is amended by adding a subdivision to read:

Subd. 4. [RATES CHARGED TO PUBLICLY SUBSIDIZED FAMILIES.] Child care providers receiving reimbursement under chapter 256H may not charge a rate to clients receiving assistance under chapter 256H that is higher than the private, full-paying client rate.

Sec. 41. Minnesota Statutes 1990, section 256H.18, is amended to read:

256H.18 [ADMINISTRATIVE EXPENSES.]

~~A county may not use more than~~ The commissioner shall use up to seven percent of ~~its allocation~~ the state funds appropriated for the Basic Sliding Fee program for payments to counties for administrative expenses ~~under the basic sliding fee program~~.

The commissioner shall use federal funds, as available, for payments to counties for administrative expenses.

Sec. 42. [256H.195] [MINNESOTA EARLY CHILDHOOD CARE AND EDUCATION COUNCIL.]

Subdivision 1. [ESTABLISHMENT; MEMBERS.] The Minnesota early childhood care and education council shall consist of 19 members appointed by the governor. Members must represent the following groups and organizations: parents, family child care providers, child care center providers, private foundations, corporate executives, small business owners, and public school districts. The council membership also includes the commissioners of human

services, jobs and training, education, and health; a representative of each of the following groups: the higher education coordinating board, the Minnesota headstart association, and representatives of two Minnesota counties; three members from child care resource and referral programs, one of whom shall be from a county-operated resource and referral, one of whom shall be from a rural location, and one of whom shall be from the metropolitan area; and a community group representative. The governor shall consult with the councils established under sections 3.922, 3.9223, 3.9225, and 3.9226, representing the communities of color, to ensure that membership of the council is representative of all racial minority groups. The governor shall also make efforts to ensure that the council's membership is fairly representative of both genders. In addition to the 19 members appointed by the governor, two members of the senate shall be appointed by the president of the senate and two members of the house of representatives shall be appointed by the speaker of the house to serve as ex officio members of the council. Membership terms, compensation, and removal of members are governed by section 15.059, except that the council shall not expire as required by that section.

Subd. 2. [EXECUTIVE DIRECTOR; STAFF.] The council shall select an executive director of the council by a vote of a majority of all council members. The executive director is in the unclassified service and shall provide administrative support for the council and provide administrative leadership to implement council mandates, policies, and objectives. The executive director shall employ and direct other staff.

Subd. 3. [DUTIES AND POWERS.] The council has the following duties and powers:

(1) develop a biennial plan for early childhood care and education in the state;

(2) take a leadership role in developing its recommendations in conjunction with the recommendations of other state agencies on the state budget for early childhood care and education;

(3) apply for and receive state money and public and private grant money;

(4) participate in and facilitate the development of interagency agreements on early childhood care and education issues;

(5) review state agency policies on early childhood care and education issues so that they do not conflict;

(6) advocate for an effective and coordinated early childhood care and education system with state agencies and programs;

(7) study the need for child care funding for special populations whose needs are not being met by current programs;

(8) assure that the early childhood care and education system reflects community diversity;

(9) be responsible for advocating policies and funding for early childhood care and education; and

(10) provide a report to the legislature on January 1 of every odd-numbered year, containing a description of the activities and the work plan of the council and any legislative recommendations developed by the council.

Sec. 43. [256H.196] [REGIONAL CHILD CARE RESOURCE AND REFERRAL PROGRAMS.]

Subdivision 1. [ESTABLISHMENT.] Existing child care resource and referral programs shall become the regional child care resource and referral programs provided they are in compliance with other provisions of this chapter.

Subd. 2. [DUTIES.] The regional resource and referral program shall have the duties specified in section 256H.20. In addition, the regional program shall be responsible for establishing new or collaborating with existing community-based committees such as interagency early intervention committees or neighborhood groups to advocate for child care needs in the community as well as serve as important local resources for children and their families.

Sec. 44. Minnesota Statutes 1990, section 256H.20, subdivision 3a, is amended to read:

Subd. 3a. [GRANT REQUIREMENTS AND PRIORITY.] Priority for awarding resource and referral grants shall be given in the following order:

(1) start up resource and referral programs in areas of the state where they do not exist; and

(2) improve resource and referral programs.

Resource and referral programs shall meet the following requirements:

(a) Each program shall identify all existing child care services through information provided by all relevant public and private agencies in the areas of service, and shall develop a resource file of the services which shall be maintained and updated at least quarterly. These services must include family day care homes; public and

private day care programs; full-time and part-time programs; infant, preschool, and extended care programs; and programs for school age children.

The resource file must include: the type of program, hours of program service, ages of children served, fees, location of the program, eligibility requirements for enrollment, special needs services, and transportation available to the program. The file may also include program information and special program features.

(b) Each resource and referral program shall establish a referral process which responds to parental need for information and which fully recognizes confidentiality rights of parents. The referral process must afford parents maximum access to all referral information. This access must include telephone referral available for no less than 20 hours per week.

Each child care resource and referral agency shall publicize its services through popular media sources, agencies, employers, and other appropriate methods.

(c) Each resource and referral program shall maintain ongoing documentation of requests for service. All child care resource and referral agencies must maintain documentation of the number of calls and contacts to the child care information and referral agency or component. A resource and referral program shall collect and maintain the following information:

(1) ages of children served;

(2) time category of child care request for each child;

(3) special time category, such as nights, weekends, and swing shift; and

(4) reason that the child care is needed.

(d) Each resource and referral program shall make available the following information as an educational aid to parents:

(1) information on aspects of evaluating the quality and suitability of child care services, including licensing regulation, financial assistance available, child abuse reporting procedures, appropriate child development information;

(2) information on available parent, early childhood, and family education programs in the community.

(e) On or after one year of operation a resource and referral program shall provide technical assistance to employers and existing

and potential providers of all types of child care services. This assistance shall include:

(1) information on all aspects of initiating new child care services including licensing, zoning, program and budget development, and assistance in finding information from other sources;

(2) information and resources which help existing child care providers to maximize their ability to serve the children and parents of their community;

(3) dissemination of information on current public issues affecting the local and state delivery of child care services;

(4) facilitation of communication between existing child care providers and child-related services in the community served;

(5) recruitment of licensed providers; and

(6) options, and the benefits available to employers utilizing the various options, to expand child care services to employees.

Services prescribed by this section must be designed to maximize parental choice in the selection of child care and to facilitate the maintenance and development of child care services and resources.

(f) Child care resource and referral information must be provided to all persons requesting services and to all types of child care providers and employers.

(g) Public or private entities may apply to the ~~commissioner~~ for funding. ~~The maximum amount of money which may be awarded to any entity for the provision of service under this subdivision is $60,000 per year.~~ A local match of up to 25 percent is required.

Sec. 45. Minnesota Statutes 1990, section 256H.21, subdivision 10, is amended to read:

Subd. 10. [RESOURCE AND REFERRAL PROGRAM.] "Resource and referral program" means a program that provides information to parents, including referrals and coordination of community child care resources for parents and public or private providers of care. It also means the agency with the duties specified in sections 256H.196 and 256H.20. Services may include parent education, technical assistance for providers, staff development programs, and referrals to social services.

Sec. 46. Minnesota Statutes 1990, section 256H.22, subdivision 2, is amended to read:

Subd. 2. [DISTRIBUTION OF FUNDS.] (a) The commissioner shall allocate grant money appropriated for child care service development among the development regions designated by the governor under section 462.385, as follows:

(1) 50 percent of the child care service development grant appropriation shall be allocated to the metropolitan economic development region; and

(2) 50 percent of the child care service development grant appropriation shall be allocated to economic development regions other than the metropolitan economic development region.

(b) The following formulas shall be used to allocate grant appropriations among the economic development regions:

(1) 50 percent of the funds shall be allocated in proportion to the ratio of children under 12 years of age in each economic development region to the total number of children under 12 years of age in all economic development regions; and

(2) 50 percent of the funds shall be allocated in proportion to the ratio of children under 12 years of age in each economic development region to the number of licensed child care spaces currently available in each economic development region.

(c) Out of the amount allocated for each economic development region, the commissioner shall award grants based on the recommendation of the grant review advisory task force. In addition, the commissioner shall award no more than 75 percent of the money either to child care facilities for the purpose of facility improvement or interim financing or to child care workers for staff training expenses.

(d) Any funds unobligated may be used by the commissioner to award grants to proposals that received funding recommendations by the advisory task force but were not awarded due to insufficient funds.

(e) The commissioner may allocate grants under this section for a two-year period.

Sec. 47. Minnesota Statutes 1990, section 256H.22, is amended by adding a subdivision to read:

Subd. 3a. [DISTRIBUTION OF FUNDS FOR CHILD CARE RESOURCE AND REFERRAL PROGRAMS.] The commissioner shall allocate funds appropriated for child care resource and referral services considering the following factors for each economic development region served by the child care resource and referral agency:

(1) the number of children under 13 years of age needing child care in the service area;

(2) the geographic area served by the agency;

(3) the ratio of children under 13 years of age needing care to the number of licensed spaces in the service area;

(4) the number of licensed child care providers and extended day school age child care programs in the service area; and

(5) other related factors determined by the commissioner.

Sec. 48. Minnesota Statutes 1990, section 256H.22, subdivision 6, is amended to read:

Subd. 6. [FUNDING PRIORITIES; TRAINING GRANTS.] In evaluating applications for training grants ~~and making recommendations to~~, the ~~commissioner, the grant review advisory task force~~ council shall give priority to:

(1) applicants who will work in facilities caring for sick children, infants, toddlers, children with special needs, and children from low-income families;

(2) applicants who will work in geographic areas where there is a shortage of child care;

(3) unlicensed providers who wish to become licensed;

(4) child care programs seeking accreditation and child care providers seeking certification; and

(5) entities that will use grant money for scholarships for child care workers attending educational or training programs sponsored by the entity.

Sec. 49. [256H.225] [ASSISTANCE TO CHILD CARE CENTERS AND PROVIDERS.]

The commissioner shall work with the early childhood care and education council and with the resource and referral programs to develop tools to assist child care centers and family child care providers to obtain accreditation and certification and to achieve improved pay for child care workers.

Sec. 50. Minnesota Statutes 1990, section 257.57, subdivision 2, is amended to read:

Subd. 2. The child, the mother, or personal representative of the child, the public authority chargeable by law with the support of the child, the personal representative or a parent of the mother if the mother has died or is a minor, a man alleged or alleging himself to be the father, or the personal representative or a parent of the alleged father if the alleged father has died or is a minor may bring an action:

(1) at any time for the purpose of declaring the existence of the father and child relationship presumed under section 257.55, subdivision 1, clause (d) ~~or~~, (e), or (f), or the nonexistence of the father and child relationship presumed under clause (d) of that subdivision; ~~or~~

(2) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, clause (e) only if the action is brought within three years after the date of the execution of the declaration; or

(3) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (f), only if the action is brought within three years after the party bringing the action, or the party's attorney of record, has been provided the blood test results.

Sec. 51. Minnesota Statutes 1990, section 270A.04, subdivision 2, is amended to read:

Subd. 2. Any debt owed to a claimant agency shall be submitted by the agency for collection under the procedure established by sections 270A.01 to 270A.12 unless (a) an alternative means of collection is pending and the debtor is complying with the terms of alternative means of collection, except that this limitation does not apply to debts owed resulting from a default in payment of child support or maintenance, (b) the collection attempt would result in a loss of federal funds, or (c) the agency is unable to supply the department with the necessary identifying information required by subdivision 3 or rules promulgated by the commissioner, or (d) the debt is barred by section 541.05.

Sec. 52. Minnesota Statutes 1990, section 270A.08, subdivision 2, is amended to read:

Subd. 2. (a) This written notice shall clearly and with specificity set forth the basis for the claim to the refund including the name of the benefit program involved if the debt arises from a public assistance grant and the dates on which the debt was incurred and, further, shall advise the debtor of the claimant agency's intention to request setoff of the refund against the debt.

(b) The notice will also advise the debtor that any debt incurred

more than six years from the date of the notice to the commissioner under section 270A.07, except for debts owed resulting from a default in payment of child support or maintenance or debts on which money judgment has been entered and docketed, must not be setoff against a refund and will advise the debtor of the right to contest the validity of the claim at a hearing. The debtor must assert this right by written request to the claimant agency, which request the agency must receive within 45 days of the mailing date of the original notice or of the corrected notice, as required by subdivision 1. If the debtor has not received the notice, the 45 days shall not commence until the debtor has received actual notice. The debtor shall have the burden of showing no notice and shall be entitled to a hearing on the issue of notice as well as on the merits.

Sec. 53. Minnesota Statutes 1990, 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, the supervision of the commissioner as specified in section 256.01, 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) A person who commits any of the following acts 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.

Sec. 54. Minnesota Statutes 1990, section 393.07, subdivision 10a, is amended to read:

Subd. 10a. [EXPEDITED ISSUANCE OF FOOD STAMPS.] The commissioner of human services shall continually monitor the expedited issuance of food stamp benefits to ensure that each county complies with federal regulations and that households eligible for expedited issuance of food stamps are identified, processed, and certified within the time frames prescribed in federal regulations. ~~By July 1 each year the commissioner of human services shall present a report to the governor and the legislature regarding its monitoring of expedited issuance and the degree of compliance with federal regulations on a county by county basis.~~

County food stamp offices shall screen and issue food stamps to applicants on the day of application. Applicants who meet the federal criteria for expedited issuance and have an immediate need for food assistance shall receive either:

(1) a manual Authorization to Participate (ATP) card; or

(2) the immediate issuance of food stamp coupons.

The local food stamp agency shall conspicuously post in each food stamp office a notice of the availability of and the procedure for applying for expedited issuance and verbally advise each applicant of the availability of the expedited process.

Sec. 55. Minnesota Statutes 1990, section 518.551, subdivision 5, is amended to read:

Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] (a) The petitioner shall notify the public authority of all proceedings for

dissolution, legal separation, determination of parentage or for the custody of a child, if either party is receiving aid to families with dependent children or applies for it subsequent to the commencement of the proceeding. After receipt of the notice, the court shall set child support as provided in this subdivision. The court may order either or both parents owing a duty of support to a child of the marriage to pay an amount reasonable or necessary for the child's support, without regard to marital misconduct. The court shall approve a child support ~~agreement~~ stipulation of the parties if each party is represented by independent counsel, unless the ~~agreement is not in the interest of justice~~ stipulation does not meet the conditions of paragraph (e). In other cases the court shall determine and order child support in a specific dollar amount in accordance with the guidelines and the other factors set forth in paragraph (b) and any departure therefrom.

The court shall derive a specific dollar amount by multiplying the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
$400 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
$401 – 500	14%	17%	20%	22%	24%	26%	28%
$501 – 550	15%	18%	21%	24%	26%	28%	30%
$551 – 600	16%	19%	22%	25%	28%	30%	32%
$601 – 650	17%	21%	24%	27%	29%	32%	34%
$651 – 700	18%	22%	25%	28%	31%	34%	36%
$701 – 750	19%	23%	27%	30%	33%	36%	38%
$751 – 800	20%	24%	28%	31%	35%	38%	40%
$801 – 850	21%	25%	29%	33%	36%	40%	42%
$851 – 900	22%	27%	31%	34%	38%	41%	44%
$901 – 950	23%	28%	32%	36%	40%	43%	46%
$951 – 1000	24%	29%	34%	38%	41%	45%	48%
$1001 – 4000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of $4,001 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of $4,000.

Net Income defined as:

Total monthly income less	*(i)	Federal Income Tax
	*(ii)	State Income Tax
	(iii)	Social Security Deductions
	(iv)	Reasonable Pension Deductions
*Standard Deductions apply – use of tax tables recommended	(v)	Union Dues
	(vi)	Cost of Dependent Health Insurance Coverage
	(vii)	Cost of Individual or Group Health/Hospitalization Coverage or an Amount for Actual Medical Expenses
	(viii)	A Child Support or Maintenance Order that is Currently Being Paid.

"Net income" does not include:

(1) the income of the obligor's spouse, but does include in-kind payments received by the obligor in the course of employment, self-employment, or operation of a business if the payments reduce the obligor's living expenses; or

(2) compensation received by a party for employment in excess of a 40-hour work week, provided that:

(a) support is nonetheless ordered in an amount at least equal to the guidelines amount based on income not excluded under this clause; and

(b) the party demonstrates, and the court finds, that:

(i) the excess employment began after the filing of the petition for dissolution;

(ii) the excess employment reflects an increase in the work schedule or hours worked over that of the two years immediately preceding the filing of the petition;

(iii) the excess employment is voluntary and not a condition of employment;

(iv) the excess employment is in the nature of additional, part-time or overtime employment compensable by the hour or fraction of an hour; and

(v) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation.

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

(1) all earnings, income, and resources of the parents, including real and personal property, but excluding income from excess employment of the obligor or obligee that meets the criteria of paragraph (a), clause (2)(b);

(2) the financial needs and resources, physical and emotional condition, and educational needs of the child or children to be supported;

(3) the standards of living the child would have enjoyed had the marriage not been dissolved, but recognizing that the parents now have separate households;

(4) the amount of the aid to families with dependent children grant for the child or children;

(5) which parent receives the income taxation dependency exemption and what financial benefit the parent receives from it; and

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

(c) In establishing or modifying a support obligation, the court may consider debts owed to private creditors, but only if:

(1) the right to support has not been assigned under section 256.74;

(2) the court determines that the debt was reasonably incurred for necessary support of the child or parent or for the necessary generation of income. If the debt was incurred for the necessary generation of income, the court shall consider only the amount of debt that is essential to the continuing generation of income; and

(3) the party requesting a departure produces a sworn schedule of the debts, with supporting documentation, showing goods or services purchased, the recipient of them, the amount of the original debt, the outstanding balance, the monthly payment, and the number of months until the debt will be fully paid.

Any schedule prepared under paragraph (c), clause (3), shall contain a statement that the debt will be fully paid after the number of months shown in the schedule, barring emergencies beyond the party's control.

Any further departure below the guidelines that is based on a consideration of debts owed to private creditors shall not exceed 18

months in duration, after which the support shall increase automatically to the level ordered by the court. Nothing in this section shall be construed to prohibit one or more step increases in support to reflect debt retirement during the 18-month period.

Where payment of debt is ordered pursuant to this section, the payment shall be ordered to be *in the nature of child support.*

(d) Nothing shall preclude the court from receiving evidence on the above factors to determine if the guidelines should be exceeded or modified in a particular case.

(e) ~~The above guidelines are binding in each case unless the court makes express findings of fact as to the reason for departure below or above the guidelines.~~ The guidelines in this subdivision are a rebuttable presumption and shall be used in all cases when establishing or modifying child support. If the court does not deviate from the guidelines, the court shall make written findings concerning the amount of the obligor's income used as the basis for the guidelines calculation and any other significant evidentiary factors affecting the determination of child support. If the court deviates from the guidelines, the court shall make written findings giving the reasons for the deviation and *shall specifically address the criteria in* paragraph (b) of this subdivision and how the deviation serves the best interest of the child. The provisions of this paragraph apply whether or not the parties, each represented by independent counsel, have entered into a written agreement. The court shall review stipulations presented to it for conformity to the guidelines; the court is not required to conduct a hearing, but the parties shall provide the documentation of earnings required under subdivision 5b.

Sec. 56. Minnesota Statutes 1990, section 518.551, is amended by adding a subdivision to read:

Subd. 5b. [DETERMINATION OF INCOME.] (a) The parents shall timely serve on all parties and file documentation of earnings and income. When there is a prehearing conference, the court must receive the documentation *of earnings and income at least ten days* prior to the prehearing conference. Documentation of earnings and income includes, but is not limited to, pay stubs for the most recent three months, employer statements, or statement of receipts and expenses if self-employed. Documentation of earnings and income also includes copies of each parent's most recent federal tax returns, including W-2 forms, 1099 forms, unemployment compensation statements, workers' compensation statements, and all other documents evidencing income as received that provide verification of earnings over a longer period.

(b) If a parent under the jurisdiction of the court does not appear at a court hearing after proper notice of the time and place of the

hearing, the court shall set income for that parent based on credible evidence before the court or in accordance with paragraph (c). Credible evidence may include documentation of current or recent earnings and income, testimony of the other parent concerning recent earnings and income levels, and the parent's wage reports filed with the Minnesota department of jobs and training under section 268.121.

(c) If the court finds that a parent is voluntarily unemployed or underemployed, child support shall be calculated based on a determination of imputed income. Imputed income means the estimated earning ability of a parent based on the parent's prior earnings history, education, and job skills, and on availability of jobs within the community for an individual with the parent's qualifications. For a parent with no previous job history and no higher education or advanced training or who has made reasonable efforts and cannot find suitable employment, the court may take judicial notice of estimated earning ability based on full-time employment of 40 hours per week at the federal minimum wage or the Minnesota minimum wage, whichever is higher. If the parent is physically or mentally incapacitated, it shall be presumed that the parent is not voluntarily unemployed or underemployed.

Sec. 57. Minnesota Statutes 1990, section 518.551, is amended by adding a subdivision to read:

Subd. 5c. [CHILD SUPPORT GUIDELINES TO BE REVIEWED EVERY FOUR YEARS.] No later than 1994 and every four years after that, the department of human services shall conduct a review of the child support guidelines and shall present findings and recommendations from its review to the legislature.

Sec. 58. Minnesota Statutes 1990, section 518.64, is amended to read:

518.64 [MODIFICATION OF ORDERS OR DECREES.]

Subdivision 1. After an order for maintenance or support money, temporary or permanent, or for the appointment of trustees to receive property awarded as maintenance or support money, the court may from time to time, on ~~petition~~ motion of either of the parties or on ~~petition~~ motion of the public authority responsible for support enforcement, modify the order respecting the amount of maintenance or support money, and the payment of it, and also respecting the appropriation and payment of the principal and income of property held in trust, and may make an order respecting these matters which it might have made in the original proceeding, except as herein otherwise provided.

Subd. 2. [MODIFICATION.] (a) The terms of ~~a decree~~ an order respecting maintenance or support may be modified upon a showing

of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party or the child or children that are the subject of these proceedings; (3) receipt of assistance under sections 256.72 to 256.87; or (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair.

The terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if the application of the child support guidelines in section 518.551, subdivision 5, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least $50 per month higher or lower than the current support order.

(b) On a motion for modification of maintenance, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court:

~~(1)~~ shall ~~take into consideration~~ apply the ~~needs of the children~~ child support guidelines in section 518.551, subdivision 5, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

(ii) the excess employment is voluntary and not a condition of employment;

(iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;

(iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;

(v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and

(vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

(c) A modification of support or maintenance may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record. However, modification may be applied to an earlier period if the court makes express findings that the party seeking modification was precluded from serving a motion by reason of a significant physical or mental disability ~~or~~, a material misrepresentation of another party, or fraud upon the court and that the party seeking modification, when no longer precluded, promptly served a motion.

(d) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

Subd. 3. Unless otherwise agreed in writing or expressly provided in the decree, the obligation to pay future maintenance is terminated upon the death of either party or the remarriage of the party receiving maintenance.

Subd. 4. Unless otherwise agreed in writing or expressly provided in the ~~decree~~ order, provisions for the support of a child are terminated by emancipation of the child but not by the death of a parent obligated to support the child. When a parent obligated to pay support dies, the amount of support may be modified, revoked, or commuted to a lump sum payment, to the extent just and appropriate in the circumstances.

Subd. 5. [FORM.] The department of human services shall prepare and make available to courts, obligors and persons to whom child support is owed a form to be submitted by the obligor or the person to whom child support is owed in support of a motion for a modification of an order ~~pursuant to this section or section 256.87~~ for support or maintenance. The rulemaking provisions of chapter 14 shall not apply to the preparation of the form.

Subd. 6. [EXPEDITED PROCEDURE.] (a) The public authority may seek a modification of the child support order in accordance with the rules of civil procedure or under the expedited procedures in this subdivision.

(b) The public authority may serve the following documents upon

the obligor either by certified mail or in the manner provided for service of a summons under the rules of civil procedure:

(1) a notice of its application for modification of the obligor's support order stating the amount and effective date of the proposed modification which date shall be no sooner than 20 days from the date of service;

(2) an affidavit setting out the basis for the modification under subdivision 2, including evidence of the current income of the parties;

(3) any other documents the public authority intends to file with the court in support of the modification;

(4) the proposed order;

(5) notice to the obligor that if the obligor fails to move the court and request a hearing on the issue of modification of the support order within 20 days of service of the notice of application for modification, the public authority will likely obtain an order, ex parte, modifying the support order; and

(6) an explanation to the obligor of how a hearing can be requested, together with a motion for review form that the obligor can complete and file with the court to request a hearing.

(c) If the obligor moves the court for a hearing, any modification must be stayed until the court has had the opportunity to determine the issue. Any modification ordered by the court is effective on the date set out in the notice of application for modification, but no earlier than 20 days following the date the obligor was served.

(d) If the obligor fails to move the court for hearing within 20 days of service of the notice, the public authority shall file with the court a copy of the notice served on the obligor as well as all documents served on the obligor, proof of service, and a proposed order modifying support.

(e) If, following judicial review, the court determines that the procedures provided for in this subdivision have been followed and the requested modification is appropriate, the order shall be signed ex parte and entered.

(f) Failure of the court to enter an order under this subdivision does not prejudice the right of the public authority or either party to seek modification in accordance with the rules of civil procedure.

(g) The supreme court shall develop standard forms for the notice of application of modification of the support order, the supporting

affidavit, the obligor's responsive motion, and proposed order granting the modification.

Sec. 59. Minnesota Statutes 1990, section 609.52, is amended by adding a subdivision to read:

Subd. 4. [WRONGFULLY OBTAINED PUBLIC ASSISTANCE; CONSIDERATION OF DISQUALIFICATION.] When determining the sentence for a person convicted of theft by wrongfully obtaining public assistance, as defined in section 256.98, subdivision 1, the court shall consider the fact that, under section 256.98, subdivision 8, the person will be disqualified from receiving public assistance as a result of the person's conviction.

Sec. 60. [STUDY.]

The commissioner of human services shall monitor the families who are unable to get child care subsidies through the basic sliding fee program after completing their year of transition child care and shall report findings to the legislature by January 1, 1993. The report shall include, but not be limited to, the following data on these families: the total number losing child care and the counties in which they live, the length of time for each family to reach the top of the waiting list, the number of families returning to AFDC while they are waiting for child care, and, if available, the type of child care arrangements made by families who lost child care subsidies.

Sec. 61. [TRANSFERS.]

Upon allocating the money from the federal child care and development block grant to counties for the basic sliding fee program, the commissioner of human services shall transfer funds from the basic sliding fee account to the account funding participation as provided under Minnesota Statutes, section 256.736, subdivision 3a, paragraph (c). Money transferred under this section shall be sufficient to serve 1,000 families and may be used for administrative expenses and support services for participants.

Sec. 62. [REPEALER; FAMILY INVESTMENT PLAN.]

Minnesota Statutes 1990, sections 256.032, subdivisions 5 and 9; 256.035, subdivisions 6 and 7; 256.036, subdivision 10; 256D.051, subdivision 16; 256H.26; and Laws 1989, chapter 282, article 5, section 130, are repealed.

Sec. 63. [INSTRUCTION TO THE REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes, section 256.035, subdivision 4, as Minnesota Statutes, section 256.033, subdivision 1a.

Sec. 64. [FUNDS ALLOCATION; FEDERAL CHILD CARE FUNDS.]

The commissioner shall consult with and consider the recommendations of the early childhood care and education council for the use of federal funds received for child care purposes. After public hearing on the matter, the commissioner shall develop a state plan for expenditure of the federal funds, to include allocation of federal funds for the Minnesota early childhood care and education council for the biennium ending June 30, 1993. Legislative hearings on the provisions of this section and sections 17; 32, subdivision 2b; 37 to 39; 42 to 45; 48; 49; 60; and 61 constitute a public hearing as required by this section and by federal law.

Sec. 65. [EFFECTIVE DATES.]

Subdivision 1. [MINNESOTA FAMILY INVESTMENT PLAN.] Sections 7 to 16, 62, and 63 are effective July 1, 1991, only for purposes of planning and securing federal waivers. Actual implementation of the program is delayed until April 1, 1994, and no grants shall be issued until that date.

Subd. 2. [PUBLIC ASSISTANCE FRAUD.] Sections 21 and 59 are effective July 1, 1991, and apply to assistance wrongfully obtained after that date. Sections 22, subdivisions 1, 3, and 4; and 28 are effective July 1, 1991. Sections 22, subdivision 2; 23; and 24 are effective the day following final enactment.

Subd. 3. [OTHER ASSISTANCE PROVISIONS.] Sections 1 to 5, 17 to 20, 25, 26, and 30 are effective the day after final enactment, except as indicated in section 5.

ARTICLE 6

MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES

Section 1. Minnesota Statutes 1990, section 245.461, subdivision 3, is amended to read:

Subd. 3. [REPORT.] By February 15, 1988, and annually after that until February 15, ~~1990~~ 1994, the commissioner shall report to the legislature on all steps taken and recommendations for full implementation of sections 245.461 to 245.486 and on additional resources needed to further implement those sections.

Sec. 2. Minnesota Statutes 1990, section 245.461, is amended by adding a subdivision to read:

Subd. 5. [FUNDING FROM THE FEDERAL GOVERNMENT AND OTHER SOURCES.] The commissioner shall seek and apply

for federal and other nonstate, nonlocal government funding for the mental health services specified in sections 245.461 to 245.486, in order to maximize nonstate, nonlocal dollars for these services.

Sec. 3. Minnesota Statutes 1990, section 245.462, subdivision 6, is amended to read:

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 adults with serious and persistent mental illness to function and remain in the community. A community support services program includes:

(1) client outreach,

(2) medication monitoring,

(3) assistance in independent living skills,

(4) development of employability and work-related opportunities,

(5) crisis assistance,

(6) psychosocial rehabilitation,

(7) help in applying for government benefits, and

(8) ~~the development, identification, and monitoring of living arrangements~~ housing support services.

The community support services program must be coordinated with the case management services specified in section 245.4711.

Sec. 4. Minnesota Statutes 1990, section 245.462, subdivision 18, is amended to read:

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 who is licensed under sections 148.171 to 148.285, and who is certified as a clinical specialist in adult psychiatric and mental health nursing by the American nurses association or who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, 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 licensed as an independent clinical social worker under section 148B.21, subdivision 6, or 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.

Sec. 5. Minnesota Statutes 1990, section 245.4711, is amended by adding a subdivision to read:

Subd. 9. [REVISION OF RULES.] (a) The commissioner, by July 1, 1992, shall revise existing rules governing case management services, in order to:

(1) make improvements in rule flexibility;

(2) establish a comprehensive coordination of services;

(3) require case managers to arrange for standardized assessments of side effects related to the administration of psychotropic medication;

(4) establish a reasonable caseload limit for case managers;

(5) provide reimbursement for transportation costs for case managers; and

(6) review the eligibility criteria for case management services covered by medical assistance.

(b) Until rule amendments are adopted under paragraph (a), in-county travel by case managers is reimbursable under the

medical assistance program subject to the six-hour limit on case management services.

Sec. 6. Minnesota Statutes 1990, section 245.472, is amended by adding a subdivision to read:

Subd. 4. [ADMISSION, CONTINUED STAY, AND DISCHARGE CRITERIA.] No later than January 1, 1992, the county board shall ensure that placement decisions for residential services are based on the clinical needs of the adult. The county board shall ensure that each entity under contract with the county to provide residential treatment services has admission, continued stay, discharge criteria and discharge planning criteria as part of the contract. Contracts shall specify specific responsibilities between the county and service providers to ensure comprehensive planning and continuity of care between needed services according to data privacy requirements. A requirement that clients be advised of appeal rights under section 245.477 shall be included in all contracts for provision of residential services.

Sec. 7. Minnesota Statutes 1990, section 245.473, is amended by adding a subdivision to read:

Subd. 3. [ADMISSION, CONTINUED STAY, AND DISCHARGE CRITERIA.] No later than January 1, 1992, the county board shall ensure that placement decisions for acute care inpatient services are based on the clinical needs of the adult. The county board shall ensure that each entity under contract with the county to provide acute care hospital treatment services has admission, continued stay, discharge criteria and discharge planning criteria as part of the contract. Contracts shall specify specific responsibilities between the county and service providers to ensure comprehensive planning and continuity of care between needed services according to data privacy requirements. A requirement that clients be advised of appeal rights under section 245.477 shall be included in all contracts for provision of acute care hospital inpatient services.

Sec. 8. Minnesota Statutes 1990, section 245.473, is amended by adding a subdivision to read:

Subd. 4. [INDIVIDUAL PLACEMENT AGREEMENT.] Except for services reimbursed under chapters 256B and 256D, the county board shall enter into an individual placement agreement with a provider of acute care hospital inpatient treatment services to an adult eligible for services under this section. The agreement must specify the payment rate and the terms and conditions of county payment for the placement.

Sec. 9. Minnesota Statutes 1990, section 245.484, is amended to read:

245.484 [RULES.]

The commissioner shall adopt emergency rules to govern implementation of case management services for eligible children in section 245.4881 and professional home-based family treatment services for medical assistance eligible children, in section 245.4884, subdivision 3, by January 1, 1992, and must adopt permanent rules by January 1, 1993.

The commissioner shall adopt permanent rules as necessary to carry out sections 245.461 to 245.486 and ~~Laws 1989, chapter 282, article 4, sections 1 to 53~~ 245.487 to 245.4887. The commissioner shall reassign agency staff as necessary to meet this deadline.

Sec. 10. Minnesota Statutes 1990, section 245.487, subdivision 4, is amended to read:

Subd. 4. [IMPLEMENTATION.] (a) The commissioner shall begin implementing sections 245.487 to 245.4887 by February 15, 1990, and shall fully implement sections 245.487 to 245.4887 by ~~January~~ July 1, ~~1992~~ 1993.

(b) Annually until February 15, ~~1992~~ 1994, the commissioner shall report to the legislature on all steps taken and recommendations for full implementation of sections 245.487 to 245.4887 and on additional resources needed to further implement those sections. The report shall include information on county and state progress in identifying the needs of cultural and racial minorities and in using special mental health consultants to meet these needs.

Sec. 11. Minnesota Statutes 1990, section 245.487, is amended by adding a subdivision to read:

Subd. 6. [FUNDING FROM THE FEDERAL GOVERNMENT AND OTHER SOURCES.] The commissioner shall seek and apply for federal and other nonstate, nonlocal government funding for mental health services specified in sections 245.487 to 245.4887, in order to maximize nonstate, nonlocal dollars for these services.

Sec. 12. Minnesota Statutes 1990, section 245.4871, subdivision 27, is amended to read:

Subd. 27. [MENTAL HEALTH PROFESSIONAL.] "Mental health professional" means a person providing clinical services in the diagnosis and treatment of children's emotional disorders. A mental health professional must have training and experience in working with children consistent with the age group to which the mental health professional is assigned. A mental health professional must be qualified in at least one of the following ways:

(1) in psychiatric nursing, the mental health professional must be a registered nurse who is licensed under sections 148.171 to 148.285 and who is certified as a clinical specialist in child and adolescent psychiatric or mental health nursing by the American nurses association or who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, 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, the mental health professional must be a person licensed as an independent clinical social worker under section 148B.21, subdivision 6, or 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 disorders;

(3) in psychology, the mental health professional must be 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 disorders;

(4) in psychiatry, the mental health professional must be 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, the mental health professional must be 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 emotional disturbances.

Sec. 13. Minnesota Statutes 1990, section 245.4871, subdivision 31, is amended to read:

Subd. 31. [PROFESSIONAL HOME-BASED FAMILY TREATMENT.] "Professional home-based family treatment" means intensive mental health services provided to children because of a severe emotional disturbance (1) who are at risk of out-of-home placement; (2) who are in out-of-home placement; or (3) who are returning from out-of-home placement ~~because of an emotional disturbance~~. Services are provided to the child and the child's family primarily in the child's home environment ~~or other location~~. Services may also be provided in the child's school, child care setting, or other community setting appropriate to the child. ~~Examples of appropriate locations include, but are not limited to, the child's school, day care center, home, and any other living arrangement of the child.~~ Services must be provided on an individual family basis, must be child-oriented and family-oriented, and must be designed using information from diagnostic and functional assessments to meet the specific mental

health needs of the child and the child's family. Examples of services ~~include family and~~ are: (1) individual therapy ~~and~~; (2) family therapy; (3) client outreach; (4) assistance in developing individual living skills ~~training and~~; (5) assistance in developing parenting skills necessary to address the needs of the child; (6) assistance with leisure and recreational services; (7) crisis assistance, including crisis respite care and arranging for crisis placement; and (8) assistance in locating respite and child care. Services must be coordinated with other ~~service providers~~ services provided to the child and family.

Sec. 14. Minnesota Statutes 1990, section 245.4871, is amended by adding a subdivision to read:

Subd. 33a. [SPECIAL MENTAL HEALTH CONSULTANT.] "Special mental health consultant" is a mental health practitioner or professional with special expertise in treating children from a particular cultural or racial minority group.

Sec. 15. Minnesota Statutes 1990, section 245.4873, subdivision 6, is amended to read:

Subd. 6. [PRIORITIES.] By January 1, 1992, the commissioner shall require that each of the treatment services and management activities described in sections 245.487 to 245.4887 be developed for children with emotional disturbances within available resources based on the following ranked priorities. The commissioner shall reassign agency staff and use consultants as necessary to meet this deadline:

(1) the provision of locally available mental health emergency services;

(2) the provision of locally available mental health services to all children with severe emotional disturbance;

(3) the provision of early identification and intervention services to children who are at risk of needing or who need mental health services;

(4) the provision of specialized mental health services regionally available to meet the special needs of all children with severe emotional disturbance, and all children with emotional disturbances;

(5) the provision of locally available services to children with emotional disturbances; and

(6) the provision of education and preventive mental health services.

Sec. 16. Minnesota Statutes 1990, section 245.4874, is amended to read:

245.4874 [DUTIES OF COUNTY BOARD.]

The county board in each county shall use its share of mental health and community social service act funds allocated by the commissioner according to a biennial local children's mental health service proposal required under section 245.4887, and approved by the commissioner. The county board must:

(1) develop a system of affordable and locally available children's mental health services according to sections 245.487 to 245.4887;

(2) assure that parents and providers in the county receive information about how to gain access to services provided according to sections 245.487 to 245.4887;

(3) coordinate the delivery of children's mental health services with services provided by social services, education, corrections, health, and vocational agencies to improve the availability of mental health services to children and the cost effectiveness of their delivery;

(4) assure that mental health services delivered according to sections 245.487 to 245.4887 are delivered expeditiously and are appropriate to the child's diagnostic assessment and individual treatment plan;

(5) provide the community with information about predictors and symptoms of emotional disturbances and how to access children's mental health services according to sections 245.4877 and 245.4878;

(6) provide for case management services to each child with severe emotional disturbance according to sections 245.486; 245.4871, subdivisions 3 and 4; and 245.4881, subdivisions 1, 3, and 5;

(7) provide for screening of each child under section 245.4885 upon admission to a residential treatment facility, acute care hospital inpatient treatment, or informal admission to a regional treatment center;

(8) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 245.487 to 245.4887;

(9) assure that mental health professionals, mental health practitioners, and case managers employed by or under contract to the county to provide mental health services are qualified under section 245.4871; ~~and~~

(10) assure that children's mental health services are coordinated with adult mental health services specified in sections 245.461 to 245.486 so that a continuum of mental health services is available to serve persons with mental illness, regardless of the person's age; and

(11) assure that special mental health consultants are used as necessary to assist the county board in assessing and providing appropriate treatment for children of cultural or racial minority heritage.

Sec. 17. Minnesota Statutes 1990, section 245.4881, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF CASE MANAGEMENT SERVICES.] (a) By ~~July~~ April 1, ~~1991~~ 1992, the county board shall provide case management services for each child with severe emotional disturbance who is a resident of the county and the child's family who request or consent to the services. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must meet the requirements in section 245.4871, subdivision 4.

(b) Except as permitted by law and the commissioner under demonstration projects, case management services provided to children with severe emotional disturbance eligible for medical assistance must be billed to the medical assistance program under sections 256B.02, subdivision 8, and 256B.0625.

Sec. 18. Minnesota Statutes 1990, section 245.4882, is amended by adding a subdivision to read:

Subd. 4. [ADMISSION, CONTINUED STAY, AND DISCHARGE CRITERIA.] No later than January 1, 1992, the county board shall ensure that placement decisions for residential treatment services are based on the clinical needs of the child. The county board shall ensure that each entity under contract to provide residential treatment services has admission, continued stay, discharge criteria and discharge planning criteria as part of the contract. Contracts shall specify specific responsibilities between the county and service providers to ensure comprehensive planning and continuity of care between needed services according to data privacy requirements. The county board shall ensure that, at least ten days prior to discharge, the operator of the residential treatment facility shall provide written notification of the discharge to the child's parent or caretaker, the local education agency in which the child is enrolled and the receiving education agency to which the child will be transferred upon discharge. When the child has an individual education plan, the notice shall include a copy of the individual education plan. A requirement that clients be advised of appeal rights under section 245.4886 shall be included in all contracts for the provision of residential services.

Sec. 19. Minnesota Statutes 1990, section 245.4882, is amended by adding a subdivision to read:

Subd. 5. [SPECIALIZED RESIDENTIAL TREATMENT SERVICES.] The commissioner of human services shall establish or contract for specialized residential treatment services for children. The services shall be designed for children with emotional disturbance who exhibit violent or destructive behavior and for whom local treatment services are not feasible due to the small number of children statewide who need the services and the specialized nature of the services required. The services shall be located in community settings. If no appropriate services are available in Minnesota or within the geographical area in which the residents of the county normally do business, the commissioner is responsible for 50 percent of the nonfederal costs of out-of-state treatment of children for whom no appropriate resources are available in Minnesota. Counties are eligible to receive enhanced state funding under this section only if they have established juvenile screening teams under section 260.151, subdivision 3.

Sec. 20. Minnesota Statutes 1990, section 245.4882, is amended by adding a subdivision to read:

Subd. 6. [ADMISSION, CONTINUED STAY, AND DISCHARGE CRITERIA.] No later than January 1, 1992, the county board shall ensure that placement decisions for acute care hospital inpatient treatment services are based on the clinical needs of the child and, if appropriate, the child's family. The county board shall ensure that each entity under contract with the county to provide acute care hospital treatment services has admission, continued stay, discharge criteria and discharge planning criteria as part of the contract. Contracts should specify the specific responsibilities between the county and service providers to ensure comprehensive planning and continuity of care between needed services according to data privacy requirements. A requirement that clients be advised of appeal rights under section 245.4886 shall be included in contracts for provision of acute care hospital inpatient treatment services.

Sec. 21. Minnesota Statutes 1990, section 245.4884, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF FAMILY COMMUNITY SUPPORT SERVICES.] By July 1, 1991, county boards must provide or contract for sufficient family community support services within the county to meet the needs of each child with severe emotional disturbance who resides in the county and the child's family. Children or their parents may be required to pay a fee in accordance with section 245.481.

Family community support services must be designed to improve the ability of children with severe emotional disturbance to:

(1) ~~handle~~ manage basic activities of daily living;

(2) ~~improve functioning~~ function appropriately in home, school, and community settings;

(3) participate in leisure time or community youth activities;

(4) set goals and plans;

(5) reside with the family in the community;

(6) participate in after-school and summer activities;

(7) make a smooth transition among mental health and education services provided to children; and

(8) make a smooth transition into the adult mental health system as appropriate.

In addition, family community support services must be designed to improve overall family functioning if clinically appropriate to the child's needs, and to reduce the need for and use of placements more intensive, costly, or restrictive both in the number of admissions and lengths of stay than indicated by the child's diagnostic assessment.

Sec. 22. Minnesota Statutes 1990, section 245.4885, subdivision 1, is amended to read:

Subdivision 1. [SCREENING REQUIRED.] The county board shall, ~~upon~~ prior to admission, except in the case of emergency admission, screen all children ~~admitted~~ referred for treatment of severe emotional disturbance to a residential treatment facility, ~~an acute care hospital,~~ or informally admitted to a regional treatment center if public funds are used to pay for the services. The county board shall also screen all children admitted to an acute care hospital for treatment of severe emotional disturbance if public funds other than reimbursement under chapters 256B and 256D are used to pay for the services. If a child is admitted to a residential treatment facility or acute care hospital for emergency treatment ~~of emotional disturbance~~ or held for emergency care by a regional treatment center under section 253B.05, subdivision 1, screening must occur within ~~five~~ three working days of admission. Screening shall determine whether the proposed treatment:

(1) is necessary;

(2) is appropriate to the child's individual treatment needs;

(3) cannot be effectively provided in the child's home; and

(4) provides a length of stay as short as possible consistent with the individual child's need.

Screening shall include both a diagnostic assessment and a functional assessment which evaluates family, school, and community living situations. If a diagnostic assessment or functional assessment has been completed by a mental health professional within 180 days, a new diagnostic or functional assessment need not be completed unless in the opinion of the current treating mental health professional the child's mental health status has changed markedly since the assessment was completed. The child's parent shall be notified if an assessment will not be completed and of the reasons. A copy of the notice shall be placed in the child's file. Recommendations developed as part of the screening process shall include specific community services needed by the child and, if appropriate, the child's family, and shall indicate whether or not these services are available and accessible to the child and family.

During the screening process, the child, child's family, or child's legal representative, as appropriate, must be informed of the child's eligibility for case management services and family community support services and that an individual family community support plan is being developed by the case manager, if assigned.

Screening shall be in compliance with section 256F.07 or 257.071, whichever applies. Wherever possible, the parent shall be consulted in the screening process, unless clinically inappropriate.

The screening process, and placement decision, and recommendations for mental health services must be documented in the child's record.

An alternate review process may be approved by the commissioner if the county board demonstrates that an alternate review process has been established by the county board and the times of review, persons responsible for the review, and review criteria are comparable to the standards in clauses (1) to ~~(5)~~ (4).

Sec. 23. Minnesota Statutes 1990, section 245.4885, subdivision 2, is amended to read:

Subd. 2. [QUALIFICATIONS.] No later than July 1, 1991, screening of children for residential and inpatient services must be conducted by a mental health professional. Where appropriate and available, special mental health consultants must participate in the screening. Mental health professionals providing screening for inpatient and residential services must not be financially affiliated with any acute care inpatient hospital, residential treatment facil-

ity, or regional treatment center. The commissioner may waive this requirement for mental health professional participation after July 1, 1991, if the county documents that:

(1) mental health professionals or mental health practitioners are unavailable to provide this service; and

(2) services are provided by a designated person with training in human services who receives clinical supervision from a mental health professional.

Sec. 24. Minnesota Statutes 1990, section 245.4885, is amended by adding a subdivision to read:

Subd. 3a. [SUMMARY DATA COLLECTION.] The county board shall annually collect summary information on the number of children screened, the age and racial or ethnic background of the children, the presenting problem, and the screening recommendations. The county shall include information on the degree to which these recommendations are followed and the reasons for not following recommendations. Summary data shall be available to the public and shall be used by the county board and local children's advisory council to identify needed service development.

Sec. 25. [245.4886] [CHILDREN'S COMMUNITY-BASED MENTAL HEALTH FUND.]

Subdivision 1. [STATEWIDE PROGRAM; ESTABLISHMENT.] The commissioner shall establish a statewide program to assist counties in providing services to children with severe emotional disturbance as defined in section 245.4871, subdivision 15, and their families. Services must be designed to help each child to function and remain with the child's family in the community. The commissioner shall make grants to counties to establish, operate, or contract with private providers to provide the following services in the following order of priority when these cannot be reimbursed under section 256B.0625:

(1) family community support services including crisis placement and crisis respite care as specified in section 245.4871, subdivision 17;

(2) case management services as specified in section 245.4871, subdivision 3;

(3) day treatment services as specified in section 245.4871, subdivision 10;

(4) professional home-based family treatment as specified in section 245.4871, subdivision 31; and

(5) therapeutic support of foster care as specified in section 245.4871, subdivision 34.

Funding appropriated beginning July 1, 1991, must be used by county boards to provide family community support services and case management services. Additional services shall be provided in the order of priority as identified in this subdivision.

Subd. 2. [GRANT APPLICATION AND REPORTING REQUIREMENTS.] To apply for a grant a county board shall submit an application and budget for the use of the money in the form specified by the commissioner. The commissioner shall make grants only to counties whose applications and budgets are approved by the commissioner. In awarding grants, the commissioner shall give priority to those counties whose applications indicate plans to collaborate in the development, funding, and delivery of services with other agencies in the local system of care. The commissioner shall adopt 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 specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). The commissioner shall require collection of data and periodic reports which the commissioner deems necessary to demonstrate the effectiveness of each service in realizing the stated purpose as specified for family community support in section 245.4884, subdivision 1; therapeutic support of foster care in section 245.4884, subdivision 4; professional home-based family treatment in section 245.4884, subdivision 3; day treatment in section 245.4884, subdivision 2; and case management in section 245.4881.

Sec. 26. Minnesota Statutes 1990, section 245.697, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] A state advisory council on mental health is created. The council must have 30 members appointed by the governor in accordance with federal requirements. The council must be composed of:

(1) the assistant commissioner of mental health for the department of human services;

(2) a representative of the department of human services responsible for the medical assistance program;

(3) one member of each of the four core mental health professional disciplines (psychiatry, psychology, social work, nursing);

(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;

(5) providers of mental health services;

(6) consumers of mental health services;

(7) family members of persons with mental illnesses;

(8) legislators;

(9) social service agency directors;

(10) county commissioners; and

(11) other members reflecting a broad range of community interests, as the United States Secretary of Health and Human Services may prescribe by regulation or as may be selected by the governor.

The council shall select a chair. Terms, compensation, and removal of members and filling of vacancies are governed by section 15.059. The council does not expire as provided in section 15.059. The commissioner of human services shall provide staff support and supplies to the council.

Sec. 27. Minnesota Statutes 1990, section 246.18, subdivision 4, is amended to read:

Subd. 4. [COLLECTIONS DEPOSITED IN MEDICAL ASSISTANCE ACCOUNT.] Except as provided in ~~subdivision~~ subdivisions 2 and 5, all receipts from collection efforts for the regional treatment centers, state nursing homes, and other state facilities as defined in section 246.50, subdivision 3, must be deposited in the medical assistance account and are appropriated for that purpose. The commissioner shall ensure that the departmental financial reporting systems and internal accounting procedures comply with federal standards for reimbursement for program and administrative expenditures and fulfill the purpose of this paragraph.

Sec. 28. Minnesota Statutes 1990, section 246.18, is amended by adding a subdivision to read:

Subd. 5. [FUNDED DEPRECIATION ACCOUNTS FOR STATE-OPERATED, COMMUNITY-BASED PROGRAMS.] Separate interest-bearing funded depreciation accounts shall be established in the state treasury for state-operated, community-based programs meeting the definition of a facility in Minnesota Rules, part 9553.0020, subpart 19, or a vendor in section 252.41, subdivision 9. As payments for state-operated community-based services are received by the commissioner, the portion of the payment rate representing

allowable depreciation expense and the capital debt reduction allowance shall be deposited in the state treasury and credited to the separate interest-bearing accounts as dedicated receipts with unused funds carried over to the next fiscal year. Funds within these funded depreciation accounts are appropriated to the commissioner of human services for the purchase or replacement of capital assets or payment of capitalized repairs for each respective program. These accounts will satisfy the requirements of Minnesota Rules, part 9553.0060, subparts 1, item E, and 5.

Sec. 29. Minnesota Statutes 1990, section 252.27, subdivision 1a, is amended to read:

Subd. 1a. [DEFINITIONS.] A person has a "related condition" if that person has a severe, chronic disability that ~~is~~ meets all of the following conditions: (a) is attributable to cerebral palsy, epilepsy, autism, Prader-Willi syndrome, or any other condition, other than mental illness, found to be closely related to mental retardation because the condition results in impairment of general intellectual functioning or adaptive behavior similar to that of persons with mental retardation ~~or~~ and requires treatment or services similar to those required for persons with mental retardation; (b) is manifested before the person reaches 22 years of age; (c) is likely to continue indefinitely; and ~~(c)~~ (d) results in substantial functional limitations in three or more of the following areas of major life activity: (1) self-care, (2) understanding and use of language, (3) learning, (4) mobility, (5) self-direction, ~~or~~ (6) capacity for independent living. For the purposes of this section, a child has an "emotional handicap" if the child has a psychiatric or other emotional disorder which substantially impairs the child's mental health and requires 24-hour treatment or supervision.

Sec. 30. Minnesota Statutes 1990, section 252.27, subdivision 2a, is amended to read:

Subd. 2a. [CONTRIBUTION AMOUNT.] (a) The natural or adoptive parents of a minor child, including a child determined eligible for medical assistance without consideration of parental income, must contribute monthly to the cost of services, unless the child is married or has been married, parental rights have been terminated, or the child's adoption is subsidized according to section 259.40 or through title IV-E of the Social Security Act.

(b) The parental contribution ~~equals the following percentage of that portion of~~ shall be computed by applying to the adjusted gross income of the natural or adoptive parents that exceeds 200 percent of the federal poverty guidelines for the applicable household size, the following schedule of rates:

~~Adjusted Gross Income~~	~~Percentage contribution exceeding 200 percent of poverty~~
~~Under $49,999~~	~~10~~
~~$50,000 to $59,999~~	~~12~~
~~$60,000 to $74,999~~	~~14~~
~~$75,000 or more~~	~~15~~

(1) on the amount of adjusted gross income over 200 percent of poverty, but not over $50,000, ten percent;

(2) on the amount of adjusted gross income over 200 percent of poverty and over $50,000 but not over $60,000, 12 percent;

(3) on the amount of adjusted gross income over 200 percent of poverty, and over $60,000 but not over $75,000, 14 percent; and

(4) on all adjusted gross income amounts over 200 percent of poverty, and over $75,000, 15 percent.

If the child lives with the parent, the parental contribution is reduced by $200. If the child resides in an institution specified in section 256B.35, the parent is responsible for the personal needs allowance specified under that section in addition to the parental contribution determined under this section. The parental contribution is reduced by any amount required to be paid directly to the child pursuant to a court order, but only if actually paid.

(c) The household size to be used in determining the amount of contribution under paragraph (b) includes natural and adoptive parents and their dependents under age 21, including the child receiving services. Adjustments in the contribution amount due to annual changes in the federal poverty guidelines shall be implemented on the first day of July following publication of the changes.

(d) For purposes of paragraph (b), "income" means the adjusted gross income of the natural or adoptive parents determined according to the previous year's federal tax form.

(e) The contribution shall be explained in writing to the parents at the time eligibility for services is being determined. The contribution shall be made on a monthly basis effective with the first month in which the child receives services. Annually upon redetermination or at termination of eligibility, if the contribution exceeded the cost of services provided, the local agency or the state shall reimburse that excess amount to the parents, either by direct reimbursement if the parent is no longer required to pay a contribution, or by a reduction in or waiver of parental fees until the excess amount is exhausted.

(f) The monthly contribution amount must be reviewed at least

every 12 months; when there is a change in household size; and when there is a loss of or gain in income from one month to another in excess of ten percent. The local agency shall mail a written notice 30 days in advance of the effective date of a change in the contribution amount. A decrease in the contribution amount is effective in the month that the parent verifies a reduction in income or change in household size.

(g) Parents of a minor child who do not live with each other shall each pay the contribution required under paragraph (a), except that a court-ordered child support payment actually paid on behalf of the child receiving services shall be deducted from the contribution of the parent making the payment.

(h) The contribution under paragraph (b) shall be increased by an additional five percent if the local agency determines that insurance coverage is available but not obtained for the child. For purposes of this section, "available" means the insurance is a benefit of employment for a family member at an annual cost of no more than five percent of the family's annual income. For purposes of this section, insurance means health and accident insurance coverage, enrollment in a nonprofit health service plan, health maintenance organization, self-insured plan, or preferred provider organization.

Parents who have more than one child receiving services shall not be required to pay more than the amount for the child with the highest expenditures. There shall be no resource contribution from the parents. The parent shall not be required to pay a contribution in excess of the cost of the services provided to the child, not counting payments made to school districts for education-related services. Notice of an increase in fee payment must be given at least 30 days before the increased fee is due.

Sec. 31. Minnesota Statutes 1990, section 252.275, is amended to read:

252.275 [SEMI-INDEPENDENT LIVING SERVICES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.]

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,~~ provide support for persons with mental retardation or related conditions to live as independently as possible in the community. An objective of the program is to reduce unnecessary use of intermediate care facilities for persons with mental retardation or related conditions and home and community-based services. The commissioner shall ~~make grants to~~ reimburse county boards ~~to establish, operate, or contract~~ for the provision of semi-independent living services li-

censed by the commissioner pursuant to sections 245A.01 to 245A.16 and 252.28, and for the provision of one-time living allowances to secure and furnish a home for a person who will receive semi-independent living services under this section, if other public funds are not available for the allowance.

For the purposes of this section, "semi-independent living services" means training and assistance in managing money, preparing meals, shopping, maintaining personal appearance and hygiene, and other activities which are needed to maintain and improve an adult with mental retardation or a related condition's capability to live in the community. Eligible persons must be age 18 or older, must need less than a 24-hour plan of care, and must be unable to function independently without semi-independent living services.

Semi-independent living services costs and one-time living allowance costs may be paid directly by the county, or may be paid by the recipient with a voucher or cash issued by the county.

Subd. 1a. [SERVICE REQUIREMENTS.] The methods, materials, and settings used to provide semi-independent living services to a person must be designed to:

(1) increase the person's independence in performing tasks and activities by teaching skills that reduce dependence on caregivers;

(2) provide training in an environment where the skill being taught is typically used;

(3) increase the person's opportunities to interact with nondisabled individuals who are not paid caregivers;

(4) increase the person's opportunities to use community resources and participate in community activities, including recreational, cultural, and educational resources, stores, restaurants, religious services, and public transportation;

(5) increase the person's opportunities to develop decision-making skills and to make informed choices in all aspects of daily living, including:

(i) selection of service providers;

(ii) goals and methods;

(iii) location and decor of residence;

(iv) roommates;

(v) daily routines;

(vi) leisure activities; and

(vii) personal possessions;

(6) provide daily schedules, routines, environments and interactions similar to those of nondisabled individuals of the same chronological age; and

(7) comply with section 245.825, subdivision 1.

~~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.~~

Subd. 3. [REIMBURSEMENT.] ~~On or before September 1 of each year, the commissioner shall allocate available funds to the counties which have approved plans and budgets. The commissioner shall disburse the funds on a quarterly basis during the fiscal year to reimburse counties for costs incurred in providing services to individual clients in accordance with the approved plans and budgets.~~ Counties shall be reimbursed for all expenditures made pursuant to subdivision 1 at a rate of 70 percent, up to the allocation determined pursuant to subdivisions 4, 4a, and 4b. However, the commissioner shall not reimburse costs of services for any person if the costs 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, and shall not reimburse costs of a one-time living allowance for any person if the costs exceed $1,500 in a state fiscal year. The commissioner may make payments to each county in quarterly installments. The commissioner may certify an advance of up to 25 percent of the allocation. Subsequent payments shall be made on a reimbursement basis for reported expenditures and may be adjusted for anticipated spending patterns.

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 of each county's approved budget for semi-independent living services for 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.~~ Effective January 1, 1992, the commissioner shall allocate funds on a calendar year basis. For calendar year 1992, funds shall be allocated based on each county's portion of the statewide reimbursement received under this section for state fiscal year 1991. For subsequent calendar years, funds shall be allocated based on each county's portion of the

statewide expenditures eligible for reimbursement under this section during the 12 months ending on June 30 of the preceding calendar year.

If the legislature appropriates funds for special purposes, the commissioner may allocate the funds based on proposals submitted by the counties to the commissioner in a format prescribed by the commissioner. Nothing in this ~~subdivision~~ section 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.~~

Subd. 4a. [FORMULA LIMITATION.] For calendar year 1993 and all subsequent years, the amounts computed pursuant to subdivision 4 shall be subject to the following limitation: no county shall be allocated an amount less than its guaranteed floor as provided in subdivision 4b. If the amount allocated to any county pursuant to subdivision 4 would be less than its guaranteed floor, the shortage shall be recovered proportionally from all counties which would be allocated more than their guaranteed floor.

Subd. 4b. [GUARANTEED FLOOR.] Each county with an original allocation for the preceding year that is equal to or less than the guaranteed floor minimum index shall have a guaranteed floor equal to its original allocation for the preceding year. Each county with an original allocation for the preceding year that is greater than the guaranteed floor minimum index shall have a guaranteed floor equal to the lesser of clause (1) or (2):

(1) the county's original allocation for the preceding year; or

(2) 70 percent of the county's reported expenditures eligible for reimbursement during the 12 months ending on June 30 of the preceding calendar year.

For calendar year 1993, the guaranteed floor minimum index shall be $20,000. For each subsequent year, the index shall be adjusted by the projected change in the average value in the United States Department of Labor Bureau of Labor Statistics consumer price index (all urban) for that year.

When the amount of funds available for allocation is less than the amount available in the previous year, each county's previous year allocation shall be reduced in proportion to the reduction in the statewide funding, to establish each county's guaranteed floor.

Subd. 4c. [REVIEW OF FUNDS; REALLOCATION.] After each quarter, the commissioner shall review county program expenditures. The commissioner may reallocate unexpended money at any time among those counties which have earned their full allocation.

Subd. 5. [DISPLACED HOSPITAL WORKERS.] Providers of semi-independent living services shall make reasonable efforts to hire qualified employees of ~~state hospital~~ regional treatment center mental retardation units who have been displaced by reorganization, closure, or consolidation of ~~state hospital~~ regional treatment center mental retardation units.

Subd. 6. [RULES.] The commissioner ~~shall~~ may adopt emergency and permanent rules in accordance with chapter 14 to govern ~~grant applications, criteria for approval of applications,~~ allocation ~~of grants, and maintenance of program and financial statements by grant recipients~~, reimbursement, and compliance.

Subd. 7. [REPORTS.] The commissioner shall specify requirements for reports, including quarterly fiscal and annual program reports, according to section 256.01, subdivision 2, paragraph (17).

Subd. 8. [USE OF FEDERAL FUNDS.] The commissioner shall make every reasonable effort to maximize the use of federal funds for semi-independent living services.

Subd. 9. [COMPLIANCE.] If a county board or provider under contract with a county board to provide semi-independent living services does not comply with this section and the rules adopted by the commissioner of human services under this section, including the reporting requirements, the commissioner may recover, suspend, or withhold payments.

Sec. 32. Minnesota Statutes 1990, section 252.28, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATIONS; BIENNIAL REDETERMINATIONS.] In conjunction with the appropriate county boards, the commissioner of human services shall determine, and shall redetermine biennially, the need, location, size, and program of public and private residential services and day ~~care facilities and~~ training and habilitation services for ~~children and adults~~ persons with mental retardation or related conditions. This subdivision does not apply to semi-independent living services and residential-based habilitation

services provided to four or fewer persons at a single site funded as home and community-based services.

Sec. 33. Minnesota Statutes 1990, section 252.28, subdivision 3, is amended to read:

Subd. 3. [LICENSING DETERMINATIONS.] (1) No new license shall be granted pursuant to this section when the issuance of the license would substantially contribute to an excessive concentration of community residential facilities within any town, municipality or county of the state.

(2) In determining whether a license shall be issued pursuant to this subdivision, the commissioner of human services shall specifically consider the population, size, land use plan, availability of community services and the number and size of existing public and private community residential facilities in the town, municipality or county in which a licensee seeks to operate a residence. Under no circumstances may the commissioner newly license any facility pursuant to this section except as provided in section 245A.11. The commissioner of human services shall establish uniform rules to implement the provisions of this subdivision.

(3) Licenses for community facilities and services shall be issued pursuant to section 245.821.

(4) No new license shall be granted for a residential program that provides home and community-based waivered services to more than four individuals at a site, except as authorized by the commissioner for emergency situations that would result in the placement of individuals into regional treatment centers. Such licenses shall not exceed 24 months.

(5) The commissioner shall not approve a determination of need application that requests that an existing residential program license under Minnesota Rules, parts 9525.0215 to 9525.0355 be modified in a manner that would result in the issuance of two or more licenses for the same residential program at the same location.

Sec. 34. Minnesota Statutes 1990, section 252.28, is amended by adding a subdivision to read:

Subd. 5. [APPEALS.] A county may appeal a determination of need, size, location, or program according to chapter 14. Notice of appeals must be provided to the commissioner within 30 days after the receipt of the commissioner's determination.

Sec. 35. [252.293] [EMERGENCY SITUATIONS.]

Subdivision 1. [TRANSFERS; INTERIM RATES.] In emergency

situations, the commissioner of human services may transfer existing beds, relocate residents, and establish an interim payment rate under the procedures contained in Minnesota Rules, part 9553.0075, for up to two years, as necessary to ensure the replacement of the original services for the residents of intermediate care facilities for persons with mental retardation or related conditions. The payment rate must be based on projected costs and is subject to settle up. An emergency situation exists when it appears to the commissioner of human services that the health, safety, or welfare of residents may be in jeopardy due to imminent or actual loss of use of the physical plant or damage to the physical plant making it temporarily or permanently uninhabitable.

The subsequent rate for a facility providing services for the same resident following the temporary emergency situation shall be based upon the costs incurred during the interim period, if the residents are permanently placed in the same facility. If the residents need to be relocated for permanent placements, the temporary emergency location must close and the procedures for establishing new rates for newly constructed or newly established facilities shall be followed.

This provision regarding emergency situations does not apply to facilities placed in receivership by the commissioner of human services under section 245A.12 or 245A.13, or facilities which have rates set under section 252.292, subdivision 4, or to relocations of residents to existing facilities.

Subd. 2. [APPROVAL OF TEMPORARY LOCATIONS.] The commissioner of human services shall notify the commissioner of health of the existence of the emergency and the decision to order the relocation of residents. This notice shall also identify the temporary location or locations selected by the commissioner of human services for the relocation of the residents. Notwithstanding the provisions of section 252.291, the commissioner of health may license and certify the temporary location or locations as an intermediate care facility for persons with mental retardation or related conditions if the location complies with the applicable state rules and federal regulations. The facility from which the residents were relocated shall not be used to house residents until the commissioner of human services authorizes the return of residents to the facility and the commissioner of health verifies that the facility complies with the applicable state and federal regulations. If the temporary location closes under the provisions of subdivision 1, the license and certification of the temporary location is voided. The voiding of the license and certification shall not be considered as a suspension, revocation, or nonrenewal of the license or as an involuntary decertification of the facility.

Sec. 36. Minnesota Statutes 1990, section 252.32, is amended to read:

252.32 [FAMILY ~~SUBSIDY~~ SUPPORT PROGRAM.]

Subdivision 1. [PROGRAM ESTABLISHED; ~~APPLICATION~~.] In accordance with state policy established in section 256F.01 that all children are entitled to live in families that offer safe, nurturing, permanent relationships, and that public services be directed toward preventing the unnecessary separation of children from their families, and because many families who have children with mental retardation or related conditions have special needs and expenses that other families do not have, the commissioner of human services shall establish a program to ~~provide subsidies to families to enable them to care for their dependents with handicaps in their own home~~ assist families who have dependents with mental retardation or related conditions living in their home. The program shall make support grants available to the families and shall establish local volunteer support networks.

Subd. 1a. [SUPPORT GRANTS.] ~~This program~~ Provision of support grants must be limited to families who require support and whose dependents are under the age of 22 and ~~who are mentally retarded or~~ who have mental retardation or who have a related condition and ~~otherwise would require or be eligible for placement in a licensed residential facility as set forth in section 245A.02, subdivision 6~~ who have been determined by a screening team established under section 256B.092 to require the level of care provided by an intermediate care facility for persons with mental retardation or related conditions. Families who are receiving home and community-based waivered services are not eligible for support grants. Families whose annual adjusted gross income is $60,000 or more are not eligible for support grants, except in cases where extreme hardship is demonstrated. Beginning in state fiscal year 1994, the commissioner shall adjust the income ceiling annually to reflect the projected change in the average value in the United States Department of Labor, Bureau of Labor Statistics consumer price index (all urban) for that year.

Support grants may be made available as monthly subsidy grants, respite care grants, and lump sum grants.

Support grants may be issued in the form of cash, voucher, and direct county payment to a vendor.

Applications for the ~~subsidy~~ support grant shall be made by the county social service agency to the department of human services. The application shall specify the needs of the family, the form of the grant requested by the family, and how the ~~subsidy will be used~~ family intends to use the support grant and recommendations of the county.

Subd. 2. [INDIVIDUAL SERVICE PLAN.] Before a support grant is issued, an individual service plan for the dependent as required by

section 256E.08 and the rules adopted thereunder, or an individual service plan as requested by the family and defined in 256B.092, shall be developed by the county social service agency and agreed upon by the parents. A transitional plan shall be developed for the dependent when the dependent turns age 17 in order to assure an orderly transition to other services when the family terminates services from this program and to assure that an application is made for supplemental security income and other benefits.

Subd. 3. [~~SUBSIDY~~ AMOUNT OF SUPPORT GRANT; USE.] ~~Subsidy~~ Support grant amounts shall be determined by the commissioner of human services. ~~The subsidy may be used to cover the costs of special equipment, special clothing or diets, related transportation, therapy, medications, respite care, medical care, diagnostic assessments, modifications to the home and vehicle, and other services or items that assist the family and dependent.~~ Each service and item purchased with a support grant must:

(1) be over and above the normal costs of caring for the dependent if the dependent did not have a disability;

(2) be directly attributable to the dependent's disabling condition; and

(3) enable the family to delay or prevent the out-of-home placement of the dependent.

The design and delivery of services and items purchased under this section must suit the dependent's chronological age and be provided in the least restrictive environment possible, consistent with the needs identified in the individual service plan.

Items and services purchased with support grants must be those for which there are no other public or private funds available to the family. Fees assessed to parents for health or human services that are funded by federal, state, or county dollars are not reimbursable through this program.

The maximum monthly amount shall be $250 per eligible dependent, or $3,000 per eligible dependent per state fiscal year, within the limits of available funds. During fiscal year 1992 and 1993, the maximum monthly grant awarded to families who are eligible for medical assistance shall be $200, except in cases where extreme hardship is demonstrated. The commissioner may consider the ~~child's~~ dependent's supplemental security income in determining the amount of the ~~subsidy~~ support grant. A variance may be granted by the commissioner to exceed ~~$250~~ $3,000 per state fiscal year per eligible dependent for emergency circumstances in cases where exceptional resources of the family are required to meet the health, welfare-safety needs of the child~~, for a period not to exceed 90 days~~

~~per fiscal year~~. The commissioner may set aside ~~one~~ up to five percent of the appropriation to fund emergency situations.

Subd. 3a. [VOLUNTEER SUPPORT NETWORKS.] Within the limits of the appropriation, the commissioner shall develop local community volunteer support networks that benefit families who are caring for a person with mental retardation or a related condition in the person's own home. The commissioner may issue requests for proposals to develop these networks and may use the advisory task force under section 252.31 in developing selection criteria and selecting grantees.

Subd. 3b. [REPORTS AND REIMBURSEMENT.] The commissioner shall specify requirements for quarterly fiscal and annual program reports according to section 256.01, subdivision 2, paragraph (17). Program reports shall include data which will enable the commissioner to evaluate program effectiveness and to audit compliance. The commissioner shall reimburse county costs on a quarterly basis.

Subd. 3c. [FEDERAL FUNDS.] The commissioner and the counties shall make every reasonable effort to maximize the use of federal funds for family supports.

Subd. 3d. [COUNTY BOARD RESPONSIBILITIES.] County boards receiving funds under this section shall:

(1) determine the needs of families for services in accordance with section 256B.092 or 256E.08 and any rules adopted under those sections;

(2) determine the eligibility of all persons proposed for program participation;

(3) recommend for approval all items and services to be reimbursed and inform families of the commissioner's approval decision;

(4) issue support grants directly to, or on behalf of, eligible families;

(5) inform recipients of their right to appeal under subdivision 3e;

(6) submit quarterly financial reports under subdivision 3b; and

(7) coordinate services with other programs offered by the county.

Subd. 3e. [APPEALS.] The denial, suspension, or termination of services under this program may be appealed by a recipient or application under section 256.045, subdivision 3.

Subd. 4. [RULEMAKING.] The commissioner shall amend permanent rules to govern ~~subsidy~~ grant applications under this section, criteria for approval, and other areas necessary to implement this program.

Subd. 5. [COMPLIANCE.] If a county board or grantee does not comply with this section and the rules adopted by the commissioner of human services, the commissioner may recover, suspend, or withhold payments.

Sec. 37. Minnesota Statutes 1990, section 252.46, subdivision 12, is amended to read:

Subd. 12. [RATES ESTABLISHED AFTER 1990.] Unless a variance is granted under subdivision 6, payment rates established by a county for calendar year 1990 and which are in effect December 31, 1990, remain in effect until June 30, 1991. Payment rates established by a county board to be paid to a vendor on or after ~~July 1, 1991~~ January 1, 1993, must be determined under permanent rules adopted by the commissioner. Until permanent rules are adopted, the payment rates must be determined according to subdivisions 1 to 11 except for the period from July 1, 1991, through December 31, 1991, when the increase determined under subdivision 3 must not exceed the projected percentage change in the urban consumer price index, all items, published by the United States Department of Labor, for the current calendar year over the previous calendar year. 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 252.40 to 252.47.

Sec. 38. Minnesota Statutes 1990, section 252.46, is amended by adding a subdivision to read:

Subd. 15. [FOR-PROFIT ORGANIZATIONS.] Notwithstanding the requirement in section 252.41, subdivision 9, that vendors be nonprofit entities, the commissioner may approve up to 15 for-profit organizations to provide day training and habilitation services for the purposes of studying the impacts that for-profit vendors have on the delivery, quality, and costs of day training and habilitation services.

Sec. 39. Minnesota Statutes 1990, section 252.50, subdivision 2, is amended to read:

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 programs. The commissioner must develop the state-operated community residential facilities authorized in the worksheets of the house appropriations and senate finance committees. The commissioner shall finance the purchase or construction of state-operated, community-based facilities with the Minnesota housing finance agency. The commissioner shall make payments through the department of administration to the Minnesota housing finance agency in repayment of mortgage loans granted for the purposes of this section. Programs must be adaptable to the needs of persons with mental retardation or related conditions and residential programs must be homelike.

Sec. 40. Minnesota Statutes 1990, section 253C.01, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] As used in this section, "residential program" means (1) a ~~freestanding primary treatment program or~~ hospital-based primary treatment program that provides residential treatment to ~~chemically dependent or mentally ill~~ minors with emotional disturbance as defined by the comprehensive children's mental health act in sections 245.487 to 245.4888, or (2) a facility licensed by the state under Minnesota Rules, parts 9545.0900 to 9545.1090, to provide services ~~for emotionally disturbed~~ to minors on a 24-hour basis.

Sec. 41. Minnesota Statutes 1990, section 253C.01, subdivision 2, is amended to read:

Subd. 2. [~~ANNUAL REPORT~~ INFORMATION REQUIRED.] Beginning June 1, 1986, each residential program shall collect the information listed in this subdivision. Each residential program shall ~~file a report no later than December 31, 1986, containing the information collected as of that date. Thereafter, each residential program shall prepare an annual report for the year ending June 30 of each year and file the report no later than December 31 of each year. Hospital-based primary treatment programs shall file the report with the commissioner of health~~ provide the required information annually on a date to be determined by the commissioner of human services. All ~~other~~ residential programs shall ~~file the~~ report ~~with~~ to the commissioner of human services. The summary reports on each program are public data and must contain at least the following information for the period covered by the report:

(1) number of minors admitted to the program;

(2) number of minors discharged from the program;

(3) ~~primary diagnoses of each admitted minor~~ number of minors served during the reporting period;

(4) number of minors who remained in residence for less than 30 days;

(5) number of minors who remained in residence for between 30 and 60 days;

(6) number of minors who remained in residence for more than 60 days;

(7) average length of stay of minors in the program;

(8) number of minors who have received psychotropic medications as part of treatment in the program;

(9) age, race, and sex of each minor admitted to the program;

(10) ~~copy of written notices, forms, and other procedures being used to advise minors and their parents of their rights;~~

~~(11)~~ number of minors admitted ~~or presently in residence~~ who have previously had residential treatment;

~~(12)~~ (11) number of minors discharged who are on private pay or third-party reimbursement payment and number who are receiving government funds for treatment;

~~(13) criteria for admission and continued stay~~ (12) the county of residence of discharged minors;

~~(14)~~ (13) number of admitted minors whose admission is court-ordered; and

~~(15)~~ (14) number of beds on a locked unit and number of beds on an unlocked unit.

~~The information required by this subdivision must be separately stated for chemically dependent, mentally ill, and emotionally disturbed minors as defined by the residential programs.~~

Sec. 42. Minnesota Statutes 1990, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. [MENTAL ILLNESS CASE MANAGEMENT.] To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness or subject to federal approval, children with severe emotional disturbance.

Sec. 43. Minnesota Statutes 1990, section 256B.0641, is amended by adding a subdivision to read:

Subd. 3. [FACILITY IN RECEIVERSHIP.] Subdivision 2 does not apply to the change of ownership of a facility to a nonrelated organization while the facility to be sold, transferred or reorganized is in receivership under section 245A.12 or 245A.13, and the commissioner during the receivership has not determined the need to place residents of the facility into a newly constructed or newly established facility. Nothing in this subdivision limits the liability of a former owner.

Sec. 44. Minnesota Statutes 1990, section 256B.092, is amended to read:

256B.092 [CASE MANAGEMENT OF PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.]

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 or arrange for a diagnostic evaluation in order to determine whether the person ~~is~~ has or may ~~be mentally retarded~~ have mental retardation or has or may have a related condition. If the county of financial responsibility determines that the person has mental retardation or a related condition, the county shall inform the person of case management services available under this section. Except as provided in subdivision 1g or 4b, if a ~~client~~ person is diagnosed as ~~mentally retarded~~ having mental retardation or ~~as having~~ a related condition, ~~that~~ the county ~~must~~ of financial responsibility shall conduct or arrange for a needs assessment, develop or arrange for an individual service plan, provide or arrange for ongoing case management services at the level identified in the individual service plan, provide or arrange for case management administration, and authorize ~~placement for~~ services identified in the person's individual service plan developed according to subdivision 1b. Diagnostic information, obtained by other providers or agencies, may be used to meet the diagnosis requirements of this section. Nothing in this section shall be construed as requiring: (1) assessment in areas agreed to as unnecessary by the case manager and the person, or the person's legal guardian or conservator, or the parent if the person is a minor, or (2) assessments in areas where there has been a functional assessment completed in the previous 12 months for which the case manager and the person or person's guardian or conservator, or the parent if the person is a minor, agree that further assessment is not necessary. For persons under state guardianship, the case manager shall seek authorization from the public guardianship office for waiving any assessment requirements. Assessments related to health, safety, and protection of the person for the purpose of identifying service type, amount, and frequency or assessments required to authorize services may not be waived. 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~~ person in another county for services, the placement shall be made in cooperation with the ~~host~~ county ~~of service~~ where services are provided, according to subdivision 8a, and arrangements shall be made between the two counties for ongoing social service, including annual reviews of the ~~client's~~ person's individual service plan. The ~~host~~ county where services are provided

may not make changes in the person's service plan without approval by the county of financial responsibility.

Subd. 1a. [CASE MANAGEMENT ADMINISTRATION AND SERVICES.] ~~Case management services are limited to diagnosis, assessment of the individual's service needs, development of an individual service plan, specification of methods for providing services, and the evaluation and monitoring of the services identified in the plan.~~

(a) The administrative functions of case management provided to or arranged for a person include:

(1) intake;

(2) diagnosis;

(3) screening;

(4) service authorization;

(5) review of eligibility for services; and

(6) responding to requests for conciliation conferences and appeals according to section 256.045 made by the person, the person's legal guardian or conservator, or the parent if the person is a minor.

(b) Case management service activities provided to or arranged for a person include:

(1) development of the individual service plan;

(2) informing the individual or the individual's legal guardian or conservator, or parent if the person is a minor, of service options;

(3) *assisting* the person in the identification of potential providers;

(4) assisting the person to access services;

(5) coordination of services;

(6) evaluation and monitoring of the services identified in the plan; and

(7) annual reviews of service plans.

(c) Case management administration and service activities that are provided to the person with mental retardation or a related

condition shall be provided directly by county agencies or under contract.

Subd. 1b. [INDIVIDUAL SERVICE PLAN.] The individual service plan must:

(1) include the results of ~~the diagnosis and~~ the assessment information on the person's need for service, including identification of service needs that will be or that are met by the person's relatives, friends, and others, as well as community services used by the general public;

(2) identify the person's preferences for services as stated by the person, the person's legal guardian or conservator, or the parent if the person is a minor;

(3) identify long- and short-range goals ~~and objectives~~ for the ~~client,~~

~~(3)~~ person;

(4) identify specific services and the amount and frequency of the services to be provided to the ~~client,~~

~~(4)~~ person based on assessed needs, preferences, and available resources. The individual service plan shall also specify other services the person needs that are not available;

(5) identify the need for an ~~habilitation component of the~~ individual program plan~~, and~~

~~(5) identify and coordinate methodologies to carry out the goals and objectives.~~ to be developed by the provider according to the respective state and federal licensing and certification standards, and additional assessments to be completed or arranged by the provider after service initiation;

(6) identify provider responsibilities to implement and make recommendations for modification to the individual service plan;

(7) include notice of the right to request a conciliation conference or a hearing under section 256.045;

(8) be agreed upon and signed by the person, the person's legal guardian or conservator, or the parent if the person is a minor, and the authorized county representative;

(9) be reviewed by a health professional if the person has overriding medical needs that impact the delivery of services; and

(10) be completed on forms approved by the commissioner, including forms developed for interagency planning such as transition and individual family service plans.

Subd. 1c. [COORDINATION, EVALUATION, AND MONITORING OF SERVICES IDENTIFIED IN THE INDIVIDUAL SERVICE PLAN.] (a) If the individual service plan identifies the need for individual program plans for authorized services, the case manager shall assure that individual program plans are developed by the providers according to clauses (2) to (5). The providers shall assure that the individual program plans:

(1) are developed according to the respective state and federal licensing and certification requirements;

(2) are designed to achieve the goals of the individual service plan;

(3) are consistent with other aspects of the individual service plan;

(4) assure the health and safety of the person; and

(5) are developed with consistent and coordinated approaches to services among the various service providers.

(b) The case manager shall monitor the provision of services:

(1) to assure that the individual service plan is being followed according to paragraph (a);

(2) to identify any changes or modifications that might be needed in the individual service plan, including changes resulting from recommendations of current service providers;

(3) to determine if the person's legal rights are protected, and if not, notify the person's legal guardian or conservator, or the parent if the person is a minor, protection services, or licensing agencies as appropriate; and

(4) to determine if the person, the person's legal guardian or conservator, or the parent if the person is a minor, is satisfied with the services provided.

(c) If the provider fails to develop or carry out the individual program plan according to paragraph (a), the case manager shall notify the person's legal guardian or conservator, or the parent if the person is a minor, the provider, the respective licensing and certification agencies, and the county board where the services are being provided. In addition, the case manager shall identify other steps needed to assure the person receives the services identified in the individual service plan.

Subd. ~~1e.~~ 1d. [FISCAL LIMITATIONS.] Subdivision 1 shall not be construed as requiring expenditure of money not available to county agencies for services to persons with, or who might have, mental retardation or related conditions, except for:

(1) services specifically required by federal law or state statute such as case management and day training and habilitation services; and

(2) services identified in the person's individual service plan as services that the county will provide until the person's individual service plan is amended.

Subd. ~~1d.~~ 1e. [COUNTY REQUIREMENTS.] Before a county denies, reduces, or terminates a service to ~~an individual~~ a person due to fiscal limitations, the county agency must show that money is not available for services to persons with mental retardation or related conditions and that good faith efforts have been made to identify needs and obtain available funds. The county agency must show this by documenting that the following actions have been taken:

(1) the county case manager has identified the person's service needs and the actions that will be taken to develop or obtain those services in the person's individual service plan and action that will be taken to prevent abuse or neglect as defined in sections 626.556, subdivision 2, paragraphs (a), (c), and (d), and 626.557, subdivision 2, paragraphs (d) and (e); and

(2) ~~prior to the admission of a person to a regional treatment center program for persons with developmental disabilities, the county agency made efforts to secure community-based alternatives. If these alternatives were rejected in favor of a regional treatment center placement, the county agency must also document the reasons why they were rejected; and~~

~~(3)~~ the county agency has made a request for state funds or new capacity for services to meet the individual's unmet needs, ~~since~~ after those needs have been identified in the person's individual service plan.

Subd. ~~1e.~~ 1f. [COUNTY WAITING LIST.] The county agency shall maintain a waiting list of persons with developmental disabilities specifying the services needed but not provided. This waiting list shall be used by county agencies to assist them in developing needed services or amending their community social services plan as required in section 256E.09, subdivision 1.

Subd. 1g. [CONDITIONS NOT REQUIRING DEVELOPMENT OF INDIVIDUAL SERVICE PLAN.] Unless otherwise required by

federal law, the county agency is not required to complete an individual service plan as defined in subdivision 1b for:

(1) persons whose families are requesting respite care as a single service for their family member who resides with them, or whose families are requesting only a family subsidy grant and are not requesting purchase or arrangement of other habilitative or social services; and

(2) persons with mental retardation or related conditions, living independently without authorized services or receiving funding for services at a rehabilitation facility as defined in section 268A.01, subdivision 6, and not in need of or requesting additional services.

Subd. 2. [MEDICAL ASSISTANCE.] To assure quality case management to those ~~county clients~~ persons who are eligible for medical assistance, the commissioner shall, upon request ~~by the county board~~:

(a) provide consultation on the case management process;

(b) assist county agencies in the screening and annual reviews of clients review process to assure that appropriate levels of service are provided to persons;

(c) provide consultation on service planning and development of services with appropriate options;

(d) provide training and technical assistance to county case managers; and

(e) authorize payment for medical assistance services according to chapter 256B and rules implementing it.

Subd. 3. [AUTHORIZATION AND TERMINATION OF SERVICES.] County agency case managers, under rules of the commissioner, shall authorize and terminate services of community and ~~state hospital~~ regional treatment center providers ~~in accordance with~~ according to individual service plans. Services provided to persons with mental retardation or related conditions may only be authorized and terminated by case managers according to (1) rules of the commissioner and (2) the individual service plan as defined in subdivision 1b. Medical assistance services not needed shall not be authorized by county agencies ~~nor~~ or funded by the commissioner. When purchasing or arranging for unlicensed respite care services for persons with overriding health needs, the county agency shall seek the advice of a health care professional in assessing provider staff training needs and skills necessary to meet the medical needs of the person.

Subd. 4. [~~ALTERNATIVE~~ HOME AND COMMUNITY-BASED SERVICES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.] The commissioner shall make payments to ~~county boards~~ approved vendors participating in the medical assistance program to pay costs of providing ~~alternative~~ home and community-based services, including case management service activities provided as an approved home and community-based service, to medical assistance eligible persons with mental retardation or related conditions who have been screened under subdivision 7 and according to federal requirements. Payments for home and community-based services shall not exceed amounts authorized by the county of financial responsibility. For specifically identified former residents of regional treatment centers and nursing facilities, the commissioner shall be responsible for authorizing payments and payment limits under the appropriate home and community-based service program. Payment is available under this subdivision only for persons who, if not provided these services, would require the level of care provided in an intermediate care facility for persons with mental retardation or related conditions.

Subd. 4a. [DEMONSTRATION PROJECTS.] The commissioner may waive state rules governing home and community-based services in order to demonstrate other methods of administering these services and to improve efficiency and responsiveness to individual needs of persons with mental retardation or related conditions, notwithstanding section 14.05, subdivision 4. All demonstration projects approved by the commissioner must comply with state laws and federal regulations, must remain within the fiscal limitations of the home and community-based services program for persons with mental retardation or related conditions, and must assure the health and safety of the persons receiving services according to section 256E.08, subdivision 1.

Subd. 4b. [CASE MANAGEMENT FOR PERSONS RECEIVING HOME AND COMMUNITY-BASED SERVICES.] Persons authorized for and receiving home and community-based services may select from vendors of case management which have provider agreements with the state to provide home and community-based case management service activities. This subdivision becomes effective July 1, 1992, only if the state agency is unable to secure federal approval for limiting choice of case management vendors to the county of financial responsibility.

Subd. 5. [FEDERAL WAIVERS.] The commissioner shall apply for any federal waivers necessary to secure, to the extent allowed by law, federal financial participation under United States Code, title 42, sections 1396 ~~to 1396p~~ et seq., as amended ~~through December 31, 1987~~, for the provision of services to persons who, in the absence of the services, would need the level of care provided in a ~~state hospital~~ regional treatment center or a community intermediate care facility for persons with mental retardation or related conditions. The

commissioner may seek amendments to the waivers or apply for additional waivers under United States Code, title 42, sections 1396 ~~to 1396p~~ et seq., as amended ~~through December 31, 1987~~, to contain costs. The commissioner shall ensure that payment for the cost of providing home and community-based alternative services under the federal waiver plan shall not exceed the cost of intermediate care services including day training and habilitation services that would have been provided without the waivered services.

Subd. 6. [RULES.] The commissioner shall adopt emergency and permanent rules to establish required controls, documentation, and reporting of services provided in order to assure proper administration of the approved waiver plan, and to establish policy and procedures to reduce duplicative efforts and unnecessary paperwork on the part of case managers.

Subd. 7. [SCREENING TEAMS ~~ESTABLISHED~~.] ~~(a) Each county agency shall establish a screening team which, under the direction of the county case manager, shall make an evaluation of need for home and community-based services of persons who are entitled to the level of care provided by an intermediate care facility for persons with mental retardation or related conditions or for whom there is a reasonable indication that they might require the level of care provided by an intermediate care facility.~~ For persons with mental retardation or a related condition, screening teams shall be established which shall evaluate the need for the level of care provided by residential-based habilitation services, residential services, training and habilitation services, and nursing facility services. The evaluation shall address whether home and community-based services are appropriate for persons who are at risk of placement in an intermediate care facility for persons with mental retardation or related conditions, or for whom there is reasonable indication that they might require this level of care. The screening team shall make an evaluation of need within 15 working days of the date that the assessment *is completed* or within 60 working days of a request for service by a person with mental retardation or related conditions, whichever is the earlier, and within five working days of an emergency admission of ~~an individual~~ a person to an intermediate care facility for persons with mental retardation or related conditions. The screening team shall consist of the case manager for persons with mental retardation or related conditions, the ~~client~~ person, ~~a parent or~~ the person's legal guardian or conservator, or the parent if the person is a minor, and a qualified mental retardation professional, as defined in the Code of Federal Regulations, title 42, section 483.430, as amended through June 3, 1988. The case manager may also act as the qualified mental retardation professional if the case manager meets the federal definition. County social service agencies may contract with a public or private agency or individual who is not a service provider for the person for the public guardianship representation required by the screening or individual service ~~and habilitation~~ planning process. The contract

shall be limited to public guardianship representation for the screening and individual service ~~and habilitation~~ planning activities. The contract shall require compliance with the commissioner's instructions and may be for paid or voluntary services. For ~~individuals~~ persons determined to have overriding health care needs, a registered nurse must be designated as either the case manager or the qualified mental retardation professional. The case manager shall consult with the ~~client's~~ person's physician, other health professionals or other ~~persons~~ individuals as necessary to make this evaluation. The case manager, with the concurrence of the ~~client or the client's~~ person, the person's legal ~~representative~~ guardian or conservator, or the parent if the person is a minor, may invite other ~~persons~~ individuals to attend meetings of the screening team. No member of the screening team shall have any direct or indirect service provider interest in the case. Nothing in this section shall be construed as requiring the screening team meeting to be separate from the service planning meeting.

~~(b) In addition to the requirements of paragraph (a), the following conditions apply to the discharge of persons with mental retardation or a related condition from a regional treatment center:~~

~~(1) For a person under public guardianship, at least two weeks prior to each screening team meeting the case manager must notify in writing parents, near relatives, and the ombudsman established under section 245.92 or a designee, and invite them to attend. The notice to parents and near relatives must include: (i) notice of the provisions of section 252A.03, subdivision 4, regarding assistance to persons interested in assuming private guardianship; (ii) notice of the rights of parents and near relatives to object to a proposed discharge by requesting a review as provided in clause (7); and (iii) information about advocacy services available to assist parents and near relatives of persons with mental retardation or related conditions. In the case of an emergency screening meeting, the notice must be provided as far in advance as practicable.~~

~~(2) Prior to the discharge, a screening must be conducted under subdivision 8 and a plan developed under subdivision 1a. For a person under public guardianship, the county shall encourage parents and near relatives to participate in the screening team meeting. The screening team shall consider the opinions of parents and near relatives in making its recommendations. The screening team shall determine that the services outlined in the plan are available in the community before recommending a discharge. The case manager shall provide a copy of the plan to the person, legal representative, parents, near relatives, the ombudsman established under section 245.92, and the protection and advocacy system established under United States Code, title 42, section 6042, at least 30 days prior to the date the proposed discharge is to occur. The information provided to parents and near relatives must include notice of the rights of parents and near relatives to object to a~~

~~proposed discharge by requesting a review as provided in clause (7). If a discharge occurs, the case manager and a staff person from the regional treatment center from which the person was discharged must conduct a monitoring visit as required in Minnesota Rules, part 9525.0115, within 90 days of discharge and provide an evaluation within 15 days of the visit to the person, legal representative, parents, near relatives, ombudsman, and the protection and advocacy system established under United States Code, title 42, section 6042.~~

~~(3) In order for a discharge or transfer from a regional treatment center to be approved, the concurrence of a majority of the screening team members is required. The screening team shall determine that the services outlined in the discharge plan are available and accessible in the community before the person is discharged. The recommendation of the screening team cannot be changed except by subsequent action of the team and is binding on the county and on the commissioner. If the commissioner or the county determines that the decision of the screening team is not in the best interests of the person, the commissioner or the county may seek judicial review of the screening team recommendation. A person or legal representative may appeal under section 256.045, subdivision 3 or 4a.~~

~~(4) For persons who have overriding health care needs or behaviors that cause injury to self or others, or cause damage to property that is an immediate threat to the physical safety of the person or others, the following additional conditions must be met:~~

~~(i) For a person with overriding health care needs, either a registered nurse or a licensed physician shall review the proposed community services to assure that the medical needs of the person have been planned for adequately. For purposes of this paragraph, "overriding health care needs" means a medical condition that requires daily clinical monitoring by a licensed registered nurse.~~

~~(ii) For a person with behaviors that cause injury to self or others, or cause damage to property that is an immediate threat to the physical safety of the person or others, a qualified mental retardation professional, as defined in paragraph (a), shall review the proposed community services to assure that the behavioral needs of the person have been planned for adequately. The qualified mental retardation professional must have at least one year of experience in the areas of assessment, planning, implementation, and monitoring of individual habilitation plans that have used behavior intervention techniques.~~

~~(5) No person with mental retardation or a related condition may be discharged from a regional treatment center before an appropriate community placement is available to receive the person.~~

~~(6) Effective July 1, 1991, a resident of a regional treatment~~

~~center may not be discharged to a community intermediate care facility with a licensed capacity of more than 15 beds. Effective July 1, 1993, a resident of a regional treatment center may not be discharged to a community intermediate care facility with a licensed capacity of more than ten beds.~~

~~(7) If the person, legal representative, parent, or near relative of the person proposed to be discharged from a regional treatment center objects to the proposed discharge, the individual who objects to the discharge may request a review under section 256.045, subdivision 4a, and may request reimbursement as allowed under section 256.045. The person must not be transferred from a regional treatment center while a review or appeal is pending. Within 30 days of the request for a review, the local agency shall conduct a conciliation conference and inform the individual who requested the review in writing of the action the local agency plans to take. The conciliation conference must be conducted in a manner consistent with section 256.045, subdivision 4a. A person, legal representative, parent, or near relative of the person proposed to be discharged who is not satisfied with the results of the conciliation conference may submit to the commissioner a written request for a hearing before a state human services referee under section 256.045, subdivision 4a. The person, legal representative, parent, or near relative of the person proposed to be discharged 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 on the commissioner and any adverse party of record within 30 days after the day the commissioner issued the order and by filing the original notice and proof of service with the court administrator of the district court. Judicial review must proceed under section 256.045, subdivisions 7 to 10. For a person under public guardianship, the ombudsman established under section 245.92 may object to a proposed discharge by requesting a review or hearing or by appealing to district court as provided in this clause. The person must not be transferred from a regional treatment center while a conciliation conference or appeal of the discharge is pending.~~

Subd. 8. [SCREENING TEAM DUTIES.] The screening team shall:

(a) review diagnostic data;

(b) review health, social, and developmental assessment data using a uniform screening tool specified by the commissioner;

(c) identify the level of services appropriate to maintain the person in the most normal and least restrictive setting that is consistent with the person's treatment needs;

(d) identify other noninstitutional public assistance or social service that may prevent or delay long-term residential placement;

(e) assess whether a ~~client~~ person is in need of long-term residential care;

(f) make recommendations regarding placement and payment for: (1) social service or public assistance support, or both, to maintain a ~~client~~ person in the ~~client's~~ person's own home or other place of residence; (2) training and habilitation service, vocational rehabilitation, and employment training activities; (3) community residential placement; (4) regional treatment center placement; or (5) a home and community-based service alternative to community residential placement or ~~state hospital~~ regional treatment center placement;

(g) evaluate the availability, location, and quality of the services listed in paragraph (f), including the impact of placement alternatives on the ~~client's~~ person's ability to maintain or improve existing patterns of contact and involvement with parents and other family members;

(h) identify the cost implications of recommendations in paragraph (f);

(i) make recommendations to a court as may be needed to assist the court in making ~~commitments~~ decisions regarding commitment of ~~mentally retarded~~ persons with mental retardation; and

(j) inform ~~clients~~ the person and the person's legal guardian or conservator, or the parent if the person is a minor, that appeal may be made to the commissioner pursuant to section 256.045.

Subd. 8a. [COUNTY CONCURRENCE.] (a) When a person has been screened and authorized for services in an intermediate care facility for persons with mental retardation or related conditions or for home and community-based services for persons with mental retardation or related conditions, the case manager shall assist that person in identifying a service provider who is able to meet the needs of the person according to the person's individual service plan. If the identified service is to be provided in a county other than the county of financial responsibility, the county of financial responsibility shall request concurrence of the county where the person is requesting to receive the identified services. The county of service may refuse to concur if:

(1) it can demonstrate that the provider is unable to provide the services identified in the person's individual service plan as services that are needed and are to be provided;

(2) in the case of an intermediate care facility for persons with mental retardation or related conditions, there has been no autho-

rization for admission by the admission review team as required in section 256B.0925; or

(3) in the case of home and community-based services for persons with mental retardation or related conditions, the county of service can demonstrate that the prospective provider has failed to substantially comply with the terms of a past contract or has had a prior contract terminated within the last 12 months for failure to provide adequate services, or has received a notice of intent to terminate the contract.

(b) The county of service shall notify the county of financial responsibility of concurrence or refusal to concur no later than 20 working days following receipt of the written request. Unless other mutually acceptable arrangements are made by the involved county agencies, the county of financial responsibility is responsible for costs of social services and the costs associated with the development and maintenance of the placement. The county of service may request that the county of financial responsibility purchase case management services from the county of service or from a contracted provider of case management when the county of financial responsibility is not providing case management as defined in section 256B.092 and rules adopted under that section, unless other mutually acceptable arrangements are made by the involved county agencies. Standards for payment limits under this section may be established by the commissioner. Financial disputes between counties shall be resolved as provided in section 256G.09.

Subd. 9. [REIMBURSEMENT.] Payment for services shall not be provided to a service provider for any ~~recipient~~ person placed in an intermediate care facility for persons with mental retardation or related conditions prior to the ~~recipient~~ person being screened by the screening team. The commissioner shall not deny reimbursement for: (a) ~~an individual~~ a person admitted to an intermediate care facility for persons with mental retardation or related conditions who is assessed to need long-term supportive services, if long-term supportive services other than intermediate care are not available in that community; (b) any ~~individual~~ person admitted to an intermediate care facility for persons with mental retardation or related conditions under emergency circumstances; (c) any eligible ~~individual~~ person placed in the intermediate care facility for persons with mental retardation or related conditions pending an appeal of the screening team's decision; or (d) any medical assistance recipient when, after full discussion of all appropriate alternatives including those that are expected to be less costly than intermediate care for persons with mental retardation or related conditions, the ~~individual~~ person or the ~~individual's~~ person's legal ~~representative~~ guardian or conservator, or the parent if the person is a minor, insists on intermediate care placement. The screening team shall provide documentation that the most cost effective alternatives available

were offered to this individual or the individual's legal ~~representative~~ guardian or conservator.

Subd. 10. [ADMISSION OF PERSONS TO AND DISCHARGE OF PERSONS FROM REGIONAL TREATMENT CENTERS.] (a) Prior to the admission of a person to a regional treatment center program for persons with mental retardation, the case manager shall make efforts to secure community-based alternatives. If these alternatives are rejected by the person, the person's legal guardian or conservator, or the county agency in favor of a regional treatment center placement, the case manager shall document the reasons why the alternatives were rejected.

(b) When discharge of a person from a regional treatment center to a community-based service is proposed, the case manager shall convene the screening team and in addition to members of the team identified in subdivision 7, the case manager shall invite to the meeting the person's parents and near relatives, and the ombudsman established under section 245.92 if the person is under public guardianship. The meeting shall be convened at a time and place that allows for participation of all team members and invited individuals who choose to attend. The notice of the meeting shall inform the person's parents and near relatives about the screening team process, and their right to request a review if they object to the discharge, and shall provide the names and functions of advocacy organizations, and information relating to assistance available to individuals interested in establishing private guardianships under the provisions of section 252A.03. The screening team meeting shall be conducted according to subdivisions 7 and 8. Discharge of the person shall not go forward without consensus of the screening team.

(c) The results of the screening team meeting and individual service plan developed according to subdivision 1b shall be used by the interdisciplinary team assembled in accordance with Code of Federal Regulations, title 42, section 483.440, to evaluate and make recommended modifications to the individual service plan as proposed. The individual service plan shall specify postplacement monitoring to be done by the case manager according to section 253B.15, subdivision 1a.

(d) Notice of the meeting of the interdisciplinary team assembled in accordance with Code of Federal Regulations, title 42, section 483.440, shall be sent to all team members 15 days prior to the meeting, along with a copy of the proposed individual service plan. The case manager shall request that proposed providers visit the person and observe the person's program at the regional treatment center prior to the discharge. Whenever possible, preplacement visits by the person to proposed service sites should also be scheduled in advance of the meeting. Members of the interdisciplinary team assembled for the purpose of discharge planning shall include

but not be limited to the case manager, the person, the person's legal guardian or conservator, parents and near relatives, the person's advocate, representatives of proposed community service providers, representatives of the regional treatment center residential and training and habilitation services, a registered nurse if the person has overriding medical needs that impact the delivery of services, and a qualified mental retardation professional specializing in behavior management if the person to be discharged has behaviors that may result in injury to self or others. The case manager may also invite other service providers who have expertise in an area related to specific service needs of the person to be discharged.

(e) The interdisciplinary team shall review the proposed plan to assure that it identifies service needs, availability of services, including support services, and the proposed providers' abilities to meet the service needs identified in the person's individual service plan. The interdisciplinary team shall review the most recent licensing reports of the proposed providers and corrective action taken by the proposed provider, if required. The interdisciplinary team shall review the current individual program plans for the person and agree to an interim individual program plan to be followed for the first 30 days in the person's new living arrangement. The interdisciplinary team may suggest revisions to the service plan, and all team suggestions shall be documented. If the person is to be discharged to a community intermediate care facility for persons with mental retardation or related conditions, the team shall give preference to facilities with a licensed capacity of 15 or fewer beds. Thirty days prior to the date of discharge, the case manager shall send a final copy of the service plan to all invited members of the team, the ombudsman, if the person is under public guardianship, and the advocacy system established under United States Code, title 42, section 6042.

(f) No discharge shall take place until disputes are resolved under section 256.045, subdivision 4a, or until a review by the commissioner is completed upon request of the chief executive officer or program director of the regional treatment center, or the county agency. For persons under public guardianship, the ombudsman may request a review or hearing under section 256.045. Notification schedules required under this subdivision may be waived by members of the team when judged urgent and with agreement of the parents or near relatives participating as members of the interdisciplinary team.

Sec. 45. [256B.0925] [ADMISSION REVIEW TEAM FOR ADMISSIONS TO INTERMEDIATE CARE FACILITIES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.]

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

(b) "Provider" means a provider of community-based intermediate care facility services for persons with mental retardation or related conditions.

(c) "Facility" means a community-based intermediate care facility for persons with mental retardation or related conditions.

(d) "Person" means a person with mental retardation or related conditions who is applying for admission to an intermediate care facility for persons with mental retardation or related conditions.

Subd. 2. [ADMISSION REVIEW TEAM; RESPONSIBILITIES; COMPOSITION.] (a) Before a person is admitted to a facility, an admission review team must assure that the provider can meet the needs of the person as identified in the person's individual service plan required under section 256B.092, subdivision 1.

(b) The admission review team must be assembled pursuant to Code of Federal Regulations, title 42, section 483.440(b)(2). The composition of the admission review team must meet the definition of an interdisciplinary team in Code of Federal Regulations, title 42, section 483.440. In addition, the admission review team must meet any conditions agreed to by the provider and the county where services are to be provided.

(c) The county in which the facility is located may establish an admission review team which includes at least the following:

(1) a qualified mental retardation professional, as defined in Code of Federal Regulations, title 42, section 483.440;

(2) a representative of the county in which the provider is located;

(3) at least one professional representing one of the following professions: nursing, psychology, physical therapy, or occupational therapy; and

(4) a representative of the provider.

If the county in which the facility is located does not establish an admission review team, the provider shall establish a team whose composition meets the definition of an interdisciplinary team in Code of Federal Regulations, title 42, section 483.440. The provider shall invite a representative of the county agency where the facility is located to be a member of the admission review team.

Subd. 3. [FACTORS TO BE CONSIDERED FOR ADMISSION.] (a) The determination of the team to admit a person to the facility must include, but is not limited to, consideration of the following:

(1) the preferences of the person and the person's guardian or family for services of an intermediate care facility for persons with mental retardation or related conditions;

(2) the ability of the provider to meet the needs of the person according to the person's individual service plan and the admission criteria established by the provider;

(3) the availability of a bed in the facility and of nonresidential services required by the person as specified in the person's individual service plan; and

(4) the need of the person for the services in the facility to prevent placement of the person in a more restrictive setting.

(b) When there is more than one qualified person applying for admission to the facility, the admission review team shall determine which applicant shall be offered services first, using the criteria established in this subdivision. The admission review team shall document the factors that resulted in the decision to offer services to one qualified person over another. In cases of emergency, a review of the admission by the admission review team must occur within the first 14 days of placement.

Subd. 4. [INFORMATION FROM PROVIDER.] The provider must establish admission criteria based on the level of service that can be provided to persons seeking admission to that facility and must provide the admission review team with the following information:

(1) a copy of the admission and level of care criteria adopted by the provider; and

(2) a written description of the services that are available to the person seeking admission, including day services, professional support services, emergency services, available direct care staffing, supervisory and administrative supports, quality assurance systems, and criteria established by the provider for discharging persons from the facility.

Subd. 5. [ESTABLISHMENT OF ADMISSION REVIEW TEAM; NOTICE TO PROVIDER.] When a county agency decides to establish admission review teams for the intermediate care facilities for persons with mental retardation or related conditions located in the county, the county agency shall notify the providers of the county agency's intent at least 60 days prior to establishing the teams.

Sec. 46. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 2m. [DOWNSIZING OF NURSING FACILITIES THAT

ARE INSTITUTIONS FOR MENTAL DISEASE.] (a) The provisions of this subdivision apply to a nursing facility that is an institution for mental disease and that has less than 23 licensed beds. A nursing facility that meets these conditions may reduce its total number of licensed beds to 16 licensed beds by July 1, 1992, by notifying the commissioner of health of the reduction by April 1, 1992. If the nursing facility elects to reduce its licensed beds to 16, the commissioner of health shall approve that request effective on the date of request.

(b) The commissioner of human services must be notified by the nursing facility of the reduction in licensed beds by April 4, 1992, and that notice must include a copy of the request for reduction submitted to the commissioner of health.

(c) For the rate year beginning July 1, 1992, the commissioner shall establish the operating cost payment rates for a nursing facility that has reduced its licensed bed capacity under this subdivision by taking into account paragraphs (1) and (2).

(1) The commissioner must reduce the nursing facility's nurse's aide, orderly, and attendant salaries account and the food expense account for the reporting year ending September 30, 1991, by 50 percent of the percentage change in licensed beds.

(2) The commissioner shall adjust the nursing facility's resident days and standardized resident days for the reporting year ending September 30, 1991, as in clauses (i) and (ii).

(i) Resident days shall be the lesser of the nursing facility's actual resident days for that reporting year or 5,840.

(ii) Standardized resident days shall be the lesser of the nursing facility's actual standardized resident days or the nursing facility's case mix score for that reporting year times 5,840.

(d) For the rate year beginning July 1, 1993, the commissioner shall establish the operating cost payment rates for a nursing facility that has reduced its licensed bed capacity under this subdivision by taking into account paragraphs (1) and (2).

(1) The commissioner must reduce the nursing facility's account for the nurse's aide, orderly, and attendant salaries, and its account for food expense for the reporting year ending September 30, 1992, by 37.5 percent of the percentage change in licensed beds.

(2) The commissioner shall adjust the nursing facility's resident days and standardized resident days for the reporting year ending September 30, 1992, as in clauses (i) and (ii).

(i) Resident days shall be the lesser of the nursing facility's actual resident days for that reporting year or 5,840.

(ii) Standardized resident days shall be the lesser of the nursing facility's actual standardized resident days or the nursing facility's case mix score for that reporting year times 5,840.

(e) If a nursing facility reduces its total number of licensed beds before June 28, 1991, by notifying the commissioner of health by that date, the dates and computations in this subdivision shall be accelerated by one year.

(f) A nursing facility eligible under this subdivision may use the notification date and the date on which the licensed beds are reduced for purposes of applying the provisions in section 256B.431, subdivision 3a, paragraph (d), clause (2).

Sec. 47. Minnesota Statutes 1990, section 256B.431, is amended by adding a subdivision to read:

Subd. 2n. [NEGOTIATED RATE CAP EXEMPTION.] A nursing facility which requests, after January 1991, that its boarding care beds be decertified from participation in the medical assistance program, is not eligible for the exception to the negotiated rate cap in section 256I.05, subdivision 2, paragraph (c), clause (1).

Sec. 48. Minnesota Statutes 1990, section 256I.05, is amended by adding a subdivision to read:

Subd. 10. [FOSTER CARE.] Beginning July 1, 1992, the negotiated rate of a residence licensed as a foster home is limited to the rate set for room and board costs provided the foster home is not the license holder's primary residence, or the license holder is not the primary caregiver to persons receiving services in the negotiated rate residence, and federal funding is available to pay for the cost of other necessary services. For the purpose of this section, room and board costs mean costs of providing food and shelter for eligible persons, and includes the directly identifiable costs of:

(1) normal and special diet, food preparation and food services;

(2) providing linen, bedding, laundering, and laundry supplies;

(3) housekeeping, including cleaning and lavatory supplies;

(4) maintenance and operation of the residence and grounds, including fuel, utilities, supplies, and equipment;

(5) the allocation of salaries related to these areas; and

(6) the lease or mortgage payment, property tax and insurance, furnishings and appliances.

Sec. 49. [268A.13] [GRANTS FOR REHABILITATION PROGRAMS FOR PERSONS WITH SERIOUS AND PERSISTENT MENTAL ILLNESS.]

The commissioner of jobs and training, in cooperation with the commissioner of human services, may make grants to fund demonstration projects designed to coordinate employability services at community support programs established under section 245.4712. Funds must be used to develop innovative programs to assist persons with serious and persistent mental illness in obtaining and retaining employment in the community. Grants are to be awarded on a request for proposal basis. Each grantee must submit as part of the application for funds a plan for evaluation of the proposed project by an outside consultant or agency.

Sec. 50. Minnesota Statutes 1990, section 462A.02, subdivision 13, is amended to read:

Subd. 13. "Eligible mortgagor" means a nonprofit or cooperative housing corporation, the department of administration for the purpose of developing community-based programs as defined in sections 252.50 and 253.28, a limited profit entity or a builder as defined by the agency in its rules, which sponsors or constructs residential housing as defined in subdivision 7, or a natural person of low or moderate income, except that the return to a limited dividend entity shall not exceed ten percent of the capital contribution of the investors or such lesser percentage as the agency shall establish in its rules; provided that residual receipts funds of a limited dividend entity may be used for agency-approved, housing-related investments owned by the limited dividend entity without regard to the limitation on returns. Owners of existing residential housing occupied by renters shall be eligible for rehabilitation loans, only if, as a condition to the issuance of the loan, the owner agrees to conditions established by the agency in its rules relating to rental or other matters that will insure that the housing will be occupied by persons and families of low or moderate income. The agency shall require by rules that the owner give preference to those persons of low or moderate income who occupied the residential housing at the time of application for the loan.

Sec. 51. [RULE REVISION.]

The commissioner must revise Minnesota Rules, parts 9545.0900 to 9545.1090, which govern facilities that provide residential services for children with emotional handicaps. The rule revisions must be adopted within 12 months of the effective date of this section.

Sec. 52. [TASK FORCE TO STUDY INTEGRATED CHILDREN'S MENTAL HEALTH FUNDING.]

The commissioner of human services shall convene a task force to study the feasibility of establishing an integrated children's mental health fund. The task force shall consist of mental health professionals, county social services personnel, service providers, advocates, and parents of children who have experienced episodes of emotional disturbance. The task force shall also include representatives of the children's mental health subcommittee of the state advisory council and local coordinating councils established under Minnesota Statutes, sections 245.487 to 245.4887. The task force shall include the commissioners of education, health, and human services; two members of the senate; and two members of the house of representatives. The task force shall examine all possible county, state, and federal sources of funds for children's mental health with a view to designing an integrated children's mental health fund. Programs to be examined shall include, but not be limited to, the following: medical assistance, title IV-E of the social security act, title XX social service programs, chemical dependency programs, education and special education programs, and, for children with a dual diagnosis, programs for the developmentally disabled. The task force shall examine funding sources with a view to maximizing federal funding, and may consult with experts in the field, as necessary. The task force shall report back to the legislature by February 15, 1993, with its recommendations.

Sec. 53. [JOINT COMMITTEE ON SPECIALIZED CHILDREN'S MENTAL HEALTH RESOURCES.]

A joint committee on specialized children's mental health resources is established to study the need for specialized residential treatment programs for children with emotional disturbance who exhibit violent or destructive behavior and for whom local treatment programs are not feasible due to the small number of children who need the services and the specialized nature of the services required. The joint committee consists of two members of the senate and two members of house of representatives appointed under the rules of each house, two representatives of the children's mental health advisory committee appointed by the joint committee, representatives of the commissioners of the departments of human services, corrections, education, and health, and seven members appointed by the governor, including representatives of mental health advocacy organizations, counties, service providers, the juvenile court system, and other appropriate interests. The joint committee shall determine the estimated number of children who need specialized services and the extent to which these children are now being served in other states, and shall make recommendations for action that is needed to develop resources within Minnesota. The joint committee shall report to the legislature by December 1, 1991, with the joint committee's findings and recommendations on mech-

anisms by which the commissioner shall approve out-of-state placements of children for whom the commissioner is responsible for payment of a portion of specialized treatment costs. The joint committee is governed by Minnesota Statutes, section 15.059. The commissioner of human services shall provide staff support and supplies to the joint committee.

Sec. 54. [PILOT PROJECT FOR MENTAL HEALTH SERVICES DELIVERY SYSTEM.]

(a) Upon adoption of a resolution by the Dakota county board of commissioners, a pilot project shall be established to design and plan a mental health services delivery system that would reduce the number of commitments to regional treatment centers and improve service delivery to mentally ill persons. Dakota county will provide in-kind staff resources to study the monetary feasibility of implementing the plan, to match the appropriation of grant funds from the legislature.

(b) The pilot project will seek to maximize local community-based living and treatment alternatives for Dakota county residents who have serious and persistent mental illness, and to create a system by which residents committed for treatment pursuant to Minnesota Statutes, chapter 253B, would be committed to community facilities and programs.

(c) The pilot project will offer services that are more accessible and community-based and provide better coordination and linkage to other services and resources in the community or county than those that are currently provided.

(d) The pilot project will be implemented July 1, 1991. The planning process for implementation will continue during the 1992 fiscal year. The planning process will require that new services be developed, existing services be modified, and numerous legislative proposals be developed for presentation to the legislature in 1992.

Sec. 55. [INSTRUCTION TO REVISOR.]

Subdivision 1. The revisor of statutes shall renumber Minnesota Statutes, section 245.4886 as section 245.4887 and Minnesota Statutes, section 245.4887 as section 245.4888, and shall correct all relevant cross-references in Minnesota Statutes and Minnesota Rules.

Subd. 2. The revisor of statutes shall delete references to "individual habilitation plan" wherever appearing in Minnesota Statutes, chapters 252 and 252A, and sections 120.17 and 256.045.

Sec. 56. [REPEALER.]

Subdivision 1. Minnesota Statutes 1990, section 245.476, subdivisions 1, 2, and 3, are repealed.

Subd. 2. Minnesota Statutes 1990, section 252.275, subdivision 2, is repealed effective January 1, 1992.

Sec. 57. [EFFECTIVE DATE.]

Subdivision 1. Sections 5 and 9 are effective the day following final enactment.

Subd. 2. Section 19 is effective July 1, 1993.

Subd. 3. Section 31 is effective January 1, 1992.

Subd. 4. Section 45 is effective September 30, 1991.

Subd. 5. Section 53 is effective the day following final enactment.

ARTICLE 7

SAIL

Section 1. Minnesota Statutes 1990, section 144A.31, is amended to read:

144A.31 [INTERAGENCY ~~BOARD FOR QUALITY ASSURANCE~~ LONG-TERM CARE PLANNING COMMITTEE.]

Subdivision 1. [INTERAGENCY ~~BOARD~~ LONG-TERM CARE PLANNING COMMITTEE.] The commissioners of health and human services shall establish, by July 1, 1983, an interagency ~~board~~ committee of managerial employees of their respective departments who are knowledgeable and employed in the areas of long-term care, geriatric care, community services for the elderly, long-term care facility inspection, or quality of care assurance. The number of interagency ~~board~~ committee members shall not exceed ~~eight~~ twelve; ~~three~~ four members each to represent the commissioners of health and human services and one member each to represent the commissioners of state planning ~~and~~, housing finance, finance, and the chair of the Minnesota board on aging. ~~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~~ committee. The ~~board~~ committee may utilize the expertise and time of other individuals employed by ~~either~~ each department as needed. The ~~board~~ committee may recommend that the commissioners contract for services as

needed. The ~~board~~ committee shall meet as often as necessary to accomplish its duties, but at least quarterly. The ~~board~~ committee shall establish procedures, including public hearings, for allowing regular opportunities for input from ~~residents, nursing homes~~ consumers of long-term care services, advocates, trade associations, facility administrators, county agency administrators, and other interested persons.

~~Subd. 2. [INSPECTIONS.] No later than January 1, 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 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 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. 2a. [PLANNING AND COORDINATION.] The interagency committee 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 committee shall refine state long-term goals, establish performance indicators, and develop other methods or measures to evaluate program performance, including client outcomes. The committee shall review the effectiveness of programs in meeting their objectives.

Subd. 2b. [GOALS OF THE COMMITTEE.] The long-term goals of the committee are:

(1) to achieve a broad awareness and use of low-cost home care and other residential alternatives to nursing homes;

(2) to develop a statewide system of information and assistance to enable easy access to long-term care services;

(3) to develop sufficient alternatives to nursing homes to serve the increased number of people needing long-term care; and

(4) to maintain the moratorium on new construction of nursing home beds and to lower the percentage of elderly served in institutional settings.

These goals are designed to create a new community-based care paradigm for long-term care in Minnesota in order to maximize independence of the older adult population, and to ensure cost-effective use of financial and human resources.

Subd. 4. [ENFORCEMENT.] The ~~board~~ committee shall develop and recommend for implementation effective methods of enforcing quality of care standards. The ~~board~~ committee shall develop and monitor, and the commissioner of human services shall implement, a resident relocation plan that instructs a county in which 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 commissioners of health and human services may waive a portion of existing rules that the commissioners determine does not apply to persons with mental retardation or related conditions. The county shall ensure appropriate placement of residents in licensed and certified facilities or other alternative care such as home health care and foster care placement. In preparing for relocation, the ~~board~~ committee shall ensure that residents and their families or guardians are involved in planning the relocation.

Subd. 5. [REPORTS.] The ~~board~~ committee shall prepare a biennial 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 subdivision 2~~ beginning January 31, 1993, listing progress, achievements, and current goals and objectives. 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 of the provisions of this section.~~

Subd. 6. [DATA.] The interagency ~~board may~~ committee shall have access to data from the commissioners of health, human services, ~~and public safety~~ housing finance, and state planning 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~~ committee, 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~~ committee 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.

Subd. 7. [LONG-TERM CARE RESEARCH AND DATABASE.] The interagency long-term care planning committee shall collect and analyze state and national long-term care data and research, including relevant health data and information and research relating to long-term care and social needs, service utilization, costs, and client outcomes. The committee shall make recommendations to state agencies and other public and private agencies for methods of improving coordination of existing data, develop data needed for long-term care research, and promote new research activities. Research and data activities must be designed to:

(1) improve the validity and reliability of existing data and research information;

(2) identify sources of funding and potential uses of funding sources;

(3) evaluate the effectiveness and client outcomes of existing programs; and

(4) identify and plan for future changes in the number, level, and type of services needed by seniors.

Sec. 2. Minnesota Statutes 1990, section 144A.46, subdivision 4, is amended to read:

Subd. 4. [RELATION TO OTHER REGULATORY PROGRAMS.] In the exercise of the authority granted under sections 144A.43 to 144A.49, 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 144A.44. ~~For home care providers certified under the Medicare program, the state standards must not be inconsistent with the Medicare standards for Medicare services.~~ The commissioner of health shall not require a home care provider certified under the Medicare program to comply with a rule adopted under section 144A.45 if the home care provider is required to comply with any equivalent federal law or regulation relating to the same subject matter. The commissioner of health shall specify in the rules those provisions that are not applicable to certified home care providers. To the extent possible, the commissioner shall coordinate the inspections required under sections 144A.45 to 144A.48 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 Laws 1987, chapter 378.

Sec. 3. Minnesota Statutes 1990, section 198.007, is amended to read:

198.007 [QUALITY ASSURANCE.]

The board shall create a utilization review committee for each home comprised of the appropriate professionals employed by or under contract to the home. The committee shall use the case-mix system established under section 144.072 to assess the appropriateness and quality of care and services provided residents of the homes.

The board shall create an admissions committee for each home comprised of the appropriate professionals employed by or under contract to each home and adopt a preadmission screening program~~, such as the one established under section 256B.091~~, for all applicants for admission to the homes who may require nursing or boarding care, taking into account the eligibility requirements in section 198.022, the admissions criteria established by board rules, and the availability of space in the homes.

Sec. 4. Minnesota Statutes 1990, section 256.025, subdivision 2, is amended to read:

Subd. 2. [COVERED PROGRAMS AND SERVICES.] The procedures in this section govern payment of county agency expenditures for benefits and services distributed under the following programs:

(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;

(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(3) general assistance medical care under section 256D.03, subdivision 6;

(4) general assistance under section 256D.03, subdivision 2;

(5) work readiness under section 256D.03, subdivision 2;

(6) emergency assistance under section 256.871, subdivision 6;

(7) Minnesota supplemental aid under section 256D.36, subdivision 1;

(8) preadmission screening and alternative care grants ~~under section 256B.091~~;

(9) work readiness services under section 256D.051;

(10) case management services under section 256.736, subdivision 13;

(11) general assistance claims processing, medical transportation and related costs; and

(12) medical assistance, medical transportation and related costs.

Sec. 5. Minnesota Statutes 1990, section 256B.0625, subdivision 2, is amended *to read:*

Subd. 2. [SKILLED AND INTERMEDIATE NURSING CARE.] Medical assistance covers skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section 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, unless (a) the facility in which the swing bed is located is eligible as a sole community provider, as defined in Code of Federal Regulations, title 42, section 412.92, or the facility is a public hospital owned by a governmental entity with 15 or fewer licensed acute care beds; (b) the health care financing administration approves the necessary state plan amendments; (c) the patient was screened as provided ~~in section 256B.091~~ by law; (d) the patient no longer requires acute care services; and (e) no nursing home beds are available within 25 miles of the facility. The daily medical assistance payment for nursing care for the patient in the swing bed is the statewide average medical assistance skilled nursing care per diem as computed annually by the commissioner on July 1 of each year.

Sec. 6. Minnesota Statutes 1990, 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 available to all residents in all areas of

the nursing home 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 or refusal to purchase special services. 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 or an applicant's refusal to pay for a special service.

The collection and use by a nursing home of financial information of any applicant pursuant to ~~the~~ a preadmission screening program established by ~~section 256B.091~~ law 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 or purchasing support services from the nursing home as limited by section 256B.433. All agreements must be disclosed to the commissioner 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. 7. [256.9751] [CONGREGATE HOUSING SERVICES PROJECTS.]

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

(a) [CONGREGATE HOUSING.] "Congregate housing" means federally or locally subsidized housing, designed for the elderly, consisting of private apartments and common areas which can be used for activities and for serving meals.

(b) [CONGREGATE HOUSING SERVICES PROJECTS.] "Congregate housing services project" means a project in which services are or could be made available to older persons who live in subsidized housing and which helps delay or prevent nursing home

placement. To be considered a congregate housing services project, a project must have: (1) an on-site coordinator, and (2) a plan for providing a minimum of one meal per day, for each elderly participant, seven days a week.

(c) [ON-SITE COORDINATOR.] "On-site coordinator" means a person who works on-site in a building or buildings and who serves as a *contact* for older persons who need services, support, and assistance in order to delay or prevent nursing home placement.

(d) [CONGREGATE HOUSING SERVICES PROJECT PARTICIPANTS OR PROJECT PARTICIPANTS.] "Congregate housing services project participants" or "project participants" means elderly persons 60 years old or older, who are currently residents of, or who are applying for residence in housing sites, and who need support services to remain independent.

Subd. 2. [ADVISORY COMMITTEE.] An advisory committee shall be appointed to advise the Minnesota board on aging on the development and implementation of the congregate housing services projects. The advisory committee shall review procedures and provide advice and technical assistance to the Minnesota board on aging regarding the grant program established under this section. The advisory committee shall consist of not more than 15 people appointed by the Minnesota board on aging, and shall be comprised of representatives from public and nonprofit service and housing providers and consumers from all areas of the state. Members of the advisory committee shall not be compensated for service.

Subd. 3. [GRANT PROGRAM.] The Minnesota board on aging shall establish a congregate housing services grant program which will enable communities to provide on-site coordinators to serve as a contact for older persons who need services and support, and assistance to access services in order to delay or prevent nursing home placement.

Subd. 4. [USE OF GRANT FUNDS.] Grant funds shall be used to develop and fund on-site coordinator positions. Grant funds shall not be used to duplicate existing funds, to modify buildings, or to purchase equipment.

Subd. 5. [GRANT ELIGIBILITY.] A public or nonprofit agency or housing unit may apply for funds to provide a coordinator for congregate housing services to an identified population of frail elderly persons in a subsidized multiunit apartment building or buildings in a community. The board shall give preference to applicants that meet the requirements of this section, and that have a common dining site. Local match may be required. State money received may also be used to match federal money allocated for congregate housing services. Grants shall be awarded to urban and rural sites.

Subd. 6. [CRITERIA FOR SELECTION.] The Minnesota board on aging shall select projects under this section according to the following criteria:

(1) the extent to which the proposed project assists older persons to age-in-place to prevent or delay nursing home placement;

(2) the extent to which the proposed project identifies the needs of project participants;

(3) the extent to which the proposed project identifies how the on-site coordinator will help meet the needs of project participants;

(4) the extent to which the proposed project assures the availability of one meal a day, seven days a week, for participants in need;

(5) the extent to which the proposed project demonstrates involvement of participants and family members in the project; and

(6) the extent to which the proposed project demonstrates involvement of housing providers and public and private service agencies, including area agencies on aging.

Subd. 7. [GRANT APPLICATIONS.] The Minnesota board on aging shall request proposals for grants and award grants using the criteria in subdivision 6. Grant applications shall include:

(1) documentation of the need for congregate services so the residents can remain independent;

(2) a description of the resources, such as social services and health services, that will be available in the community to provide the necessary support services;

(3) a description of the target population, as defined in subdivision 1, paragraph (d);

(4) a performance plan that includes written performance objectives, outcomes, timelines, and the procedure the grantee will use to document and measure success in meeting the objectives; and

(5) letters of support from appropriate public and private agencies and organizations, such as area agencies on aging and county human service departments that demonstrate an intent to work with and coordinate with the agency requesting a grant.

Subd. 8. [REPORT.] By January 1, 1993, the Minnesota board on aging shall submit a report to the legislature evaluating the programs. The report must document the project costs and outcomes that helped delay or prevent nursing home placement. The report

must describe steps taken for quality assurance and must also include recommendations based on the project findings.

Sec. 8. Minnesota Statutes 1990, section 256B.04, subdivision 16, is amended to read:

Subd. 16. [PERSONAL CARE SERVICES.] (a) ~~The commissioner shall adopt permanent rules to implement, administer, and operate personal care services. The rules must incorporate the standards and requirements adopted by the commissioner of health under section 144A.45 which are applicable to the provision of personal care.~~ Notwithstanding any contrary language in this paragraph, the commissioner of human services and the commissioner of health shall jointly promulgate rules to be applied to the licensure of personal care services provided under the medical assistance program. The rules shall consider standards for personal care services that are based on the World Institute on Disability's recommendations regarding personal care services. These rules shall at a minimum consider the standards and requirements adopted by the commissioner of health under section 144A.45, which the commissioner of human services determines are applicable to the provision of personal care services, in addition to other standards or modifications which the commissioner of human services determines are appropriate.

The commissioner of human services shall establish an advisory group including personal care consumers and providers to provide advice regarding which standards or modifications should be adopted. The advisory group membership must include not less than 15 members, of which at least 60 percent must be consumers of personal care services and representatives of recipients with various disabilities and diagnoses and ages. At least 51 percent of the members of the advisory group must be recipients of personal care.

The commissioner of human services may contract with the commissioner of health to enforce the jointly promulgated licensure rules for personal care service providers.

Prior to final promulgation of the joint rule the commissioner of human services shall report preliminary findings along with any comments of the advisory group and a plan for monitoring and enforcement by the department of health to the legislature by February 15, 1992.

Limits on the extent of personal care 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 supervision 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.~~ The commissioner may waive the requirement for the provision of personal care services through an agency in a particular county, when there are less than two agencies providing services in that county.

Sec. 9. Minnesota Statutes 1990, section 256B.0625, is amended by adding a subdivision to read:

Subd. 6a. [HOME HEALTH SERVICES.] Home health services are those services specified in Minnesota Rules, part 9505.0290. Medical assistance covers home health services at a recipient's home residence. Medical assistance does not cover home health services at a hospital, nursing facility, intermediate care facility, or a health care facility licensed by the commissioner of health, unless the commissioner has prior authorized skilled nurse visits for less than 90 days for a resident at an intermediate care facility for persons with mental retardation, to prevent an admission to a hospital or nursing facility. Home health services must be provided by a Medicare certified home health agency. All nursing and home health aide services must be provided according to section 256B.0627.

Sec. 10. Minnesota Statutes 1990, section 256B.0625, subdivision 7, is amended to read:

Subd. 7. [PRIVATE DUTY NURSING.] Medical assistance covers private duty nursing services in a recipient's home. Recipients who are authorized to receive private duty nursing services in their home may use approved hours outside of the home during hours when normal life activities take them outside of their home and when, without the provision of private duty nursing, their health and safety would be jeopardized. Medical assistance does not cover private duty nursing services at a hospital, nursing facility, inter-

mediate care facility, or a health care facility licensed by the commissioner of health, except as authorized in section 256B.64 for ventilator dependent recipients in hospitals. Total hours of service and payment allowed for services outside the home cannot exceed that which is otherwise allowed in an in-home setting according to section 256B.0627. All private duty nursing services must be provided according to the limits established under section 256B.0627. Private duty nursing services may not be reimbursed if the nurse is the spouse of the recipient or the parent or foster care provider of a recipient who is under age 18, or the recipient's legal guardian.

Sec. 11. Minnesota Statutes 1990, section 256B.0625, is amended by adding a subdivision to read:

Subd. 19a. [PERSONAL CARE SERVICES.] Medical assistance covers personal care services in a recipient's home. Recipients who can direct their own care, or persons who cannot direct their own care when accompanied by the responsible party, may use approved hours outside the home when normal life activities take them outside the home and when, without the provision of personal care, their health and safety would be jeopardized. Medical assistance does not cover personal care services at a hospital, nursing facility, intermediate care facility or a health care facility licensed by the commissioner of health, except as authorized in section 256B.64 for ventilator dependent recipients in hospitals. Total hours of service and payment allowed for services outside the home cannot exceed that which is otherwise allowed for personal care services in an in-home setting according to section 256B.0627. All personal care services must be provided according to section 256B.0627. Personal care services may not be reimbursed if the personal care assistant is the spouse of the recipient or the parent of a recipient under age 18, the responsible party, the foster care provider of a recipient who cannot direct their own care or the recipient's legal guardian. Parents of adult recipients, adult children of the recipient or adult siblings of the recipient may be reimbursed for personal care services if they are granted a waiver under section 256B.0627.

Sec. 12. Minnesota Statutes 1990, section 256B.0627, is amended to read:

256B.0627 [COVERED SERVICE; HOME CARE SERVICES.]

Subdivision 1. [DEFINITION.] "Home care services" means a ~~medically necessary~~ health service, determined by the commissioner as medically necessary, that is ordered by a physician and documented in a care plan ~~of care~~ that is reviewed ~~and revised as medically necessary~~ by the physician at least once every 60 days. ~~Home care services include personal care and nursing supervision of personal care services which is reviewed and revised as medically necessary by the physician~~ for the provision of home health services,

or private duty nursing, or at least once every 365 days for personal care. Home care services are provided to the recipient at the recipient's residence that is a place other than a hospital or long-term care facility or as specified in section 256B.0625. "Medically necessary" has the meaning given in Minnesota Rules, parts 9505.0170 to 9505.0475. "Care plan" means a written description of the services needed which shall include a detailed description of the covered home care services, who is providing the services, frequency of those services, and duration of those services. The care plan shall also include expected outcomes and goals including expected date of goal accomplishment.

Subd. 2. [SERVICES COVERED.] Home care services covered under this section include:

(1) nursing services under section 256B.0625, subdivision 6a;

(2) private duty nursing services under section 256B.0625, subdivision 7;

(3) home health aide services under section 256B.0625, subdivision 6a;

(4) personal care services under section 256B.0625, subdivision 19a; and

(5) nursing supervision of personal care services under section 256B.0625, subdivision 19a.

~~Subd. 3. [PRIVATE DUTY NURSING SERVICES; WHO MAY PROVIDE.] Private duty nursing services may be provided by a registered nurse or licensed practical nurse who is not the recipient's spouse, legal guardian, or parent of a minor child.~~

Subd. 4. [PERSONAL CARE SERVICES.] (a) ~~Personal care services may be provided by a qualified individual who is not the recipient's spouse, legal guardian, or parent of a minor child.~~

~~(b)~~ The personal care services that are eligible for payment are the following:

(1) bowel and bladder care;

(2) skin care to maintain the health of the skin;

(3) range of motion exercises;

(4) respiratory assistance;

(5) transfers;

(6) bathing, grooming, and hairwashing necessary for personal hygiene;

(7) turning and positioning;

(8) assistance with furnishing medication that is normally self-administered;

(9) application and maintenance of prosthetics and orthotics;

(10) cleaning medical equipment;

(11) dressing or undressing;

(12) assistance with food, nutrition, and diet activities;

(13) accompanying a recipient to obtain medical diagnosis or treatment;

(14) ~~services provided for the recipient's personal health and safety;~~

~~(15)~~ helping the recipient to complete daily living skills such as personal and oral hygiene and medication schedules;

(15) supervision and observation that are medically necessary because of the recipient's diagnosis or disability; and

(16) incidental household services that are an integral part of a personal care service described in clauses (1) to (15).

~~(c)~~ (b) The personal care services that are not eligible for payment are the following:

(1) personal care services that are not in the care plan ~~of care~~ developed by the supervising registered nurse in consultation with the personal care assistants and the recipient or ~~family~~ the responsible party directing the care of the recipient;

(2) services that are not supervised by the registered nurse;

(3) services provided by the recipient's spouse, legal guardian, ~~or~~ parent of a minor child, or foster care provider of a recipient who cannot direct their own care;

(4) sterile procedures; ~~and~~

(5) injections of fluids into veins, muscles, or skin~~.~~;

(6) services provided by parents of adult recipients, adult children or adult siblings unless these relatives meet one of the following hardship criteria and the commissioner waives this requirement:

(i) the relative resigns from a full-time job to provide personal care for the recipient;

(ii) the relative goes from a full-time to a part-time job with less compensation to provide personal care for the recipient;

(iii) the relative takes a leave of absence without pay to provide personal care for the recipient;

(iv) the relative incurs substantial expenses by providing personal care for the recipient; or

(v) because of labor conditions, the relative is needed in order to provide an adequate number of qualified personal care assistants to meet the medical needs of the recipient;

(7) homemaker services that are not an integral part of a personal care services; and

(8) home maintenance, or chore services.

Subd. 5. [LIMITATION ON PAYMENTS.] Medical assistance payments for home care services shall be limited according to ~~paragraphs (a) to (c)~~ this subdivision.

(a) [EXEMPTION FROM PAYMENT LIMITATIONS.] The level, or the number of hours or visits of a specific service, of home ~~health~~ care services to a recipient that began before and is continued without increase on or after December 1987, shall be exempt from the payment limitations of this section, as long as the services are medically necessary.

(b) [~~LEVEL I HOME CARE~~ LIMITS ON SERVICES WITHOUT PRIOR AUTHORIZATION.] ~~For all new cases after December 1987, medically necessary home care services up to $800 may be provided in a calendar month.~~

~~If the services in the recipient's home care plan will exceed the $800 threshold for 30 days or less, the medically necessary services may be provided.~~ A recipient may receive the following amounts of home care services during a calendar year:

(1) a total of 40 home health aide visits, skilled nurse visits, health promotions, or health assessments under section 256B.0625, subdivision 6a; and

(2) a total of ten hours of nursing supervision under section 256B.0625, subdivision 7 or 19a.

(c) [PRIOR AUTHORIZATION; EXCEPTIONS.] All home care services above the limits in paragraph (a) must receive the commissioner's prior authorization, except when:

(1) the home care services were required to treat an emergency medical condition that if not immediately treated could cause a recipient serious physical or mental disability, continuation of severe pain, or death. The provider must request retroactive authorization no later than five working days after giving the initial service. The provider must be able to substantiate the emergency by documentation such as reports, notes, and admission or discharge histories;

(2) the home care services were provided on or after the date on which the recipient's eligibility began, but before the date on which the recipient was notified that the case was opened. Authorization will be considered if the request is submitted by the provider within 20 working days of the date the recipient was notified that the case was opened; or

(3) a third party payor for home care services has denied or adjusted a payment. Authorization requests must be submitted by the provider within 20 working days of the notice of denial or adjustment. A copy of the notice must be included with the request.

(d) [RETROACTIVE AUTHORIZATION.] A request for retroactive authorization under paragraph (c) will be evaluated according to the same criteria applied to prior authorization requests. Implementation of this provision shall begin no later than October 1, 1991, except that recipients who are currently receiving medically necessary services above the limits established under paragraph (c), clause (2), may have a reasonable amount of time to arrange for waivered services under section 256B.49 or to establish an alternative living arrangement. All current recipients shall be transitioned to the limits established under paragraph (c), clause (2), on or before April 1, 1992.

~~(e)~~ (e) [~~LEVEL II HOME CARE~~ ASSESSMENT AND CARE PLAN.] ~~If the services in the recipient's home care plan exceed $800 for more than 30 days, a public health nurse from the local preadmission screening team shall determine the recipient's maximum level of home care according to this paragraph.~~ The home care provider shall conduct an assessment and complete a care plan using forms specified by the commissioner. For the recipient to receive, or continue to receive, home care services, the provider must submit evidence necessary for the commissioner to determine the medical necessity of the home care services. The provider shall submit to the commissioner the assessment, the care plan, and other

information necessary to determine medical necessity such as diagnostic or testing information, social or medical histories, and hospital or facility discharge summaries.

~~(1)~~ (f) [PRIOR AUTHORIZATION.] The ~~public health nurse from the local preadmission screening team shall base the determination of the recipient's maximum level of care on the need and eligibility of the recipient for one of the following placements~~ commissioner, or the commissioner's designee, shall review the assessment, the care plan, and any additional information that is submitted. The commissioner shall prior authorize home care services as follows:

~~(i) residential facility for persons with mental retardation or related conditions operated under section 256B.501;~~

~~(ii) inpatient hospital care for a ventilator-dependent recipient. "Ventilator dependent" means an individual who receives mechanical ventilation for life support at least six hours per day and is expected to or has been dependent for at least 30 consecutive days; or~~

~~(iii) all other recipients not appropriate for one of the above placements.~~

~~(2) If the recipient is eligible under clause (1)(i), the monthly medical assistance reimbursement for home care services shall not exceed the total monthly statewide average payment rate for residential facilities for children or adults with mental retardation or related conditions as appropriate for the recipient's age and level of self-preservation as determined according to Minnesota Rules, parts 9553.0010 to 9553.0080.~~

(l) [HOME HEALTH SERVICES.] All home health services provided by a nurse or a home health aide that exceed the limits established in paragraph (b) must be prior authorized by the commissioner or the commissioner's designee. Prior authorization must be based on medical necessity and cost-effectiveness when compared with other care options.

(2) [PERSONAL CARE SERVICES.] (i) All personal care services must be prior authorized by the commissioner or the commissioner's designee except for the limits on supervision established in paragraph (b). The amount of personal care services authorized must be based on the recipient's case mix classification according to section 256B.0911, except that a child may not be found to be dependent in an activity of daily living if because of the child's age an adult would either perform the activity for the child or assist the child with the activity and the amount of assistance needed is similar to the assistance appropriate for a typical child of the same age. Based on medical necessity, the commissioner may authorize:

(A) up to two times the average number of direct care hours provided in nursing facilities for the recipient's case mix level;

(B) up to three times the average number of direct care hours provided in nursing facilities for recipients who have complex medical needs;

(C) up to 60 percent of the average reimbursement rate, as of July 1, 1991, for care provided in a regional treatment center for recipients who have complex behaviors;

(D) up to the rate, as of July 1, 1991, for care provided in a regional treatment center for recipients referred to the commissioner by a regional treatment center preadmission evaluation team; or

(E) up to the amount medical assistance would reimburse for facility care for recipients referred to the commissioner by a preadmission screening team established under section 256B.091 or 256B.092.

(ii) The number of direct care hours shall be determined according to annual cost reports which are submitted to the department by nursing facilities each year. The average number of direct care hours, as established by May 1, shall be incorporated into the home care limits on July 1 each year.

(iii) The case mix level shall be determined by the commissioner or the commissioner's designee based on information submitted to the commissioner by the personal care provider on forms specified by the commissioner. The forms shall be a combination of current assessment tools developed under sections 256B.0911 and 256B.501 with an addition for seizure activity that will assess the frequency and severity of seizure activity and with adjustments, additions, and clarifications that are necessary to reflect the needs and conditions of children and nonelderly adults who need home care. The commissioner shall establish these forms and protocols under this section and shall use the advisory group established in section 256B.04, subdivision 16, for consultation in establishing the forms and protocols by October 1, 1991.

(iv) A recipient shall qualify as having complex medical needs if they require:

(A) daily tube feedings;

(B) daily parenteral therapy;

(C) wound or decubiti care;

(D) postural drainage, percussion, nebulizer treatments, suctioning, tracheotomy care, oxygen, mechanical ventilation;

(E) catheterization;

(F) ostomy care; or

(G) other comparable medical conditions or treatments the commissioner determines would otherwise require institutional care.

(v) A recipient shall qualify as having complex behavior if the recipient exhibits on a daily basis the following:

(A) self-injurious behavior;

(B) unusual or repetitive habits;

(C) withdrawal behavior;

(D) hurtful behavior to others;

(E) socially or offensive behavior;

(F) destruction of property; or

(G) a need for constant supervision one to one for self-preservation.

(vi) The complex behaviors in clauses (A) to (G) have the meanings developed under section 256B.501.

(3) [PRIVATE DUTY NURSING SERVICES.] All private duty nursing services shall be prior authorized by the commissioner or the commissioner's designee. Prior authorization for private duty nursing services shall be based on medical necessity and cost-effectiveness when compared with alternative care options. The commissioner may authorize medically necessary private duty nursing services when:

(i) the recipient requires more individual and continuous care than can be provided during a nurse visit; or

(ii) the cares are outside of the scope of services that can be provided by a home health aide or personal care assistant.

The commissioner may authorize up to 16 hours per day of private duty nursing services or up to 24 hours per day of private duty nursing services until such time as the commissioner is able to make a determination of eligibility for recipients who are applying for

home care services under the community alternative care program developed under section 256B.49, or until it is determined that a health benefit plan is required to pay for medically necessary nursing services. Recipients who are eligible for the community alternative care program may not receive more hours of nursing under this section than would otherwise be authorized under section 256B.49.

~~(3)~~ (4) [VENTILATOR-DEPENDENT RECIPIENTS.] If the recipient is ~~eligible under clause (1)(ii)~~ ventilator-dependent, the monthly medical assistance ~~reimbursement~~ authorization for home care services shall not exceed the monthly cost of care at the highest cost hospital designated as a long-term hospital under the Medicare program. For purposes of this clause, home care services means all services provided in the home that would be included in the payment for care at the long-term hospital. "Ventilator-dependent" means an individual who receives mechanical ventilation for life support at least six hours per day and is expected to be or has been dependent for at least 30 consecutive days.

~~(4) If the recipient is not eligible under either clause (1)(i) or (1)(ii), the monthly medical assistance reimbursement for home care services shall not exceed the total monthly statewide average payment for the case mix classification most appropriate to the recipient. The case mix classification is established under section 256B.431.~~

~~(5) The determination of the recipient's maximum level of home care by the public health nurse is called a home care cost assessment. The home care cost assessment must be requested by the home care provider before the end of the first 30 days of provided service and must be conducted by the public health nurse within ten working days following request.~~

~~(6) A home care provider shall request a new home care cost assessment when the needs of the individual have changed enough to require that a revised care plan be implemented that will increase costs beyond what was approved by the previous home care cost assessment and the change is anticipated to last for more than 30 days. The home care provider must request the home care cost assessment before the end of the first 30 days of provided service. Whenever a home care cost assessment is completed, the public health nurse that completes the home care cost assessment, in consultation with the home care provider,~~

(g) [PRIOR AUTHORIZATION; TIME LIMITS.] The commissioner or the commissioner's designee shall determine the time period for which a ~~home care cost assessment~~ prior authorization shall remain valid. If the recipient continues to require home care services beyond the ~~limited~~ duration of the ~~home care cost assessment~~ prior authorization, the home care provider must request a

~~reassessment through the home care cost assessment~~ new prior authorization through the process described above. Under no circumstances shall a ~~home care cost assessment~~ prior authorization be valid for more than 12 months.

~~(7) Reimbursement for the home care cost assessment shall be made through the Medicaid administrative authority. The state shall pay the nonfederal share.~~

(h) [APPROVAL OF HOME CARE SERVICES.] The commissioner or the commissioner's designee shall determine the medical necessity of home care services, the level of caregiver according to subdivision 2, and the institutional comparison according to this subdivision, and the amount, scope, and duration of home care services reimbursable by medical assistance, based on the assessment, the care plan, the recipient's age, the recipient's medical condition, and diagnosis or disability. The commissioner may publish additional criteria for determining medical necessity according to section 256B.04.

~~(d) [LEVEL III HOME CARE.] If the home care provider determines that the recipient's needs exceed the amount approved for the appropriate level of care as determined in paragraph (c), the home care provider may refer the case to the department for a level III determination. Based on the client needs, physician orders, diagnosis, condition, and plan of care, the department may give prior approval for care that exceeds level II described in paragraph (c). The amount approved shall not exceed the maximum cost for the appropriate level of care as determined in paragraph (c), clause (1), which will be the maximum ICF/MR rate for intermediate care facilities for persons with mental retardation or related conditions, or the maximum nursing home case mix payment, or the highest hospital cost for the state.~~

(i) [PRIOR AUTHORIZATION REQUESTS; TEMPORARY SERVICES.] The department has 30 days from receipt of the request to complete the ~~level III determination~~ prior authorization, during which time it may approve ~~the higher level while reviewing the case~~ a temporary level of home care service. Authorization under this authority for a temporary level of home care services is limited to the time specified by the commissioner.

~~Case reviews or approval of home care services in levels II and III may result in assignment of a case manager.~~

~~(e)~~ (j) [PRIOR ~~APPROVAL~~ AUTHORIZATION REQUIRED IN FOSTER CARE SETTING.] ~~Any~~ Home care ~~service~~ services provided in an adult or child foster care setting must receive prior ~~approval~~ authorization by the department according to the limits established in paragraph (b).

The commissioner may not authorize:

(1) home care services that are the responsibility of the foster care provider under the terms of the foster care placement agreement and administrative rules;

(2) personal care services when the foster care license holder is also the personal care provider or personal care assistant unless the recipient can direct the recipient's own care, or the recipient is referred to the commissioner by a regional treatment center preadmission evaluation team;

(3) personal care services when the responsible party is an employee of, or under contract with, or has any direct or indirect financial relationship with the personal care provider or personal care assistant, unless the recipient is referred to the commissioner by a regional treatment center preadmission evaluation team;

(4) home care services when the number of foster care residents is greater than four; or

(5) home care services when combined with foster care payments, less the base rate, that exceed the total amount that medical assistance would pay for the recipient's care in a medical institution.

Subd. 6. [RECOVERY OF EXCESSIVE PAYMENTS.] The commissioner shall seek monetary recovery from providers of payments made for services which exceed the limits established in this section.

Sec. 13. [256B.0628] [PRIOR AUTHORIZATION AND REVIEW OF HOME CARE SERVICES.]

Subdivision 1. [STATE COORDINATION.] The commissioner shall supervise the coordination of the prior authorization and review of home care services that are reimbursed by medical assistance.

Subd. 2. [CONTRACTOR DUTIES.] (a) The commissioner may contract with qualified registered nurses, or qualified agencies, to provide home care prior authorization and review services for medical assistance recipients who are receiving home care services.

(b) Reimbursement for the prior authorization function shall be made through the medical assistance administrative authority. The state shall pay the nonfederal share. The contractor must:

(1) assess the recipient's individual need for services required to be cared for safely in the community;

(2) assure that a care plan that meets the recipient's needs is developed by the appropriate agency or individual;

(3) assure cost-effectiveness of medical assistance home care services;

(4) recommend to the commissioner the approval or denial of the use of medical assistance funds to pay for home care services when home care services exceed thresholds established by the commissioner under Minnesota Rules, parts 9505.0170 to 9505.0475;

(5) reassess the recipient's need for and level of home care services at a frequency determined by the commissioner; and

(6) conduct on-site assessments when determined necessary by the commissioner.

(c) In addition, the contractor may be requested by the commissioner to:

(1) review care plans and reimbursement data for utilization of services that exceed community-based standards for home care, inappropriate home care services, home care services that do not meet quality of care standards, or unauthorized services and make appropriate referrals to the commissioner or other appropriate entities based on the findings;

(2) assist the recipient in obtaining services necessary to allow the recipient to remain safely in or return to the community;

(3) coordinate home care services with other medical assistance services under section 256B.0625;

(4) assist the recipient with problems related to the provision of home care services; and

(5) assure the quality of home care services.

(d) For the purposes of this section, "home care services" means medical assistance services defined under section 256B.0625, subdivisions 6a, 7, and 19a.

Sec. 14. [256B.0911] [NURSING HOME PREADMISSION SCREENING.]

Subdivision 1. [PURPOSE AND GOAL.] The purpose of the preadmission screening program is to prevent or delay certified nursing facility placements by assessing applicants and residents and offering cost-effective alternatives appropriate for the person's needs. Further, the goal of the program is to contain costs associated

with unnecessary certified nursing facility admissions. The commissioners of human services and health shall seek to maximize use of available federal and state funds and establish the broadest program possible within the funding available.

Subd. 2. [PERSONS REQUIRED TO BE SCREENED; EXEMPTIONS.] All applicants to Medicaid certified nursing facilities must be screened prior to admission, regardless of income, assets, or funding sources, except the following:

(1) patients who, having entered acute care facilities from certified nursing facilities, are returning to a certified nursing facility;

(2) residents transferred from other certified nursing facilities;

(3) individuals whose length of stay is expected to be 30 days or less based on a physician's certification, if the facility notifies the screening team prior to admission and provides an update to the screening team on the 30th day after admission;

(4) individuals who have a contractual right to have their nursing facility care paid for indefinitely by the veteran's administration; or

(5) individuals who are screened by another state within three months before admission to a certified nursing facility.

Regardless of the exemptions in clauses (2) to (4), persons who have a diagnosis or possible diagnosis of mental illness, mental retardation, or a related condition must be screened before admission unless the admission prior to screening is authorized by the local mental health authority or the local developmental disabilities case manager, or unless authorized by the county agency according to Public Law Number 101-508.

Persons transferred from an acute care facility to a certified nursing facility may be admitted to the nursing facility before screening, if authorized by the county agency; however, the person must be screened within ten working days after the admission.

Other persons who are not applicants to nursing facilities must be screened if a request is made for a screening.

Subd. 3. [PERSONS RESPONSIBLE FOR CONDUCTING THE PREADMISSION SCREENING.] (a) A local screening team shall be established by the county agency and the county public health nursing service of the local board of health. Each local screening team shall be composed of a social worker and a public health nurse from their respective county agencies. Two or more counties may collaborate to establish a joint local screening team or teams.

(b) Both members of the team must conduct the screening. However, individuals who are being transferred from an acute care facility to a certified nursing facility may be screened by only one member of the screening team in consultation with the other member.

(c) In assessing a person's needs, each screening team shall have a physician available for consultation and shall consider the assessment of the individual's attending physician, if any. The individual's physician shall be included on the screening team if the physician chooses to participate. Other personnel may be included on the team as deemed appropriate by the county agencies.

(d) If a person who has been screened must be reassessed to assign a case mix classification because admission to a nursing facility occurs later than the time allowed by rule following the initial screening and assessment, the reassessment may be completed by the public health nurse member of the screening team.

Subd. 4. [RESPONSIBILITIES OF THE COUNTY AGENCY AND THE SCREENING TEAM.] (a) The county agency shall:

(1) provide information and education to the general public regarding availability of the preadmission screening program;

(2) accept referrals from individuals, families, human service and health professionals, and hospital and nursing facility personnel;

(3) assess the health, psychological, and social needs of referred individuals and identify services needed to maintain these persons in the least restrictive environments;

(4) determine if the individual screened needs nursing facility level of care;

(5) assess active treatment needs in cooperation with:

(i) a qualified mental health professional for persons with a primary or secondary diagnosis of mental illness; and

(ii) a qualified mental retardation professional for persons with a primary or secondary diagnosis of mental retardation or related conditions. For purposes of this clause, a qualified mental retardation professional must meet the standards for a qualified mental retardation professional in Code of Federal Regulations, title 42, section 483.430;

(6) make recommendations for individuals screened regarding cost-effective community services which are available to the individual;

(7) make recommendations for individuals screened regarding nursing home placement when there are no cost-effective community services available;

(8) develop an individual's community care plan and provide follow-up services as needed; and

(9) prepare and submit reports that may be required by the commissioner of human services.

The county agency may determine in cooperation with the local board of health that the public health nursing agency of the local board of health is the lead agency which is responsible for all of the activities above except clause (5).

(b) The screening team shall document that the most cost-effective alternatives available were offered to the individual or the individual's legal representative. For purposes of this section, "cost-effective alternatives" means community services and living arrangements that cost the same or less than nursing facility care.

The screening shall be conducted within ten working days after the date of referral or, for those approved for transfer from an acute care facility to a certified nursing facility, within ten working days after admission to the nursing facility. For persons who are eligible for medical assistance or who would be eligible within 180 days of admission to a nursing facility and who are admitted to a nursing facility, the nursing facility must include the screening team or the case manager in the discharge planning process for those individuals who the team has determined have discharge potential. The screening team or the case manager must ensure a smooth transition and follow-up for the individual's return to the community.

Local screening teams shall cooperate with other public and private agencies in the community, in order to offer a variety of cost-effective services to the disabled and elderly. The screening team shall encourage the use of volunteers from families, religious organizations, social clubs, and similar civic and service organizations to provide services.

Subd. 5. [SIMPLIFICATION OF FORMS.] The commissioner shall minimize the number of forms required in the preadmission screening process and shall limit the screening document to items necessary for care plan approval, reimbursement, program planning, evaluation, and policy development.

Subd. 6. [REIMBURSEMENT FOR PREADMISSION SCREENING.] (a) The total screening cost for each county must be paid monthly by certified nursing facilities in the county. The monthly amount to be paid by each nursing facility for each fiscal year must

be determined by dividing the county's estimate of the total annual cost of screenings allowed in the county for the following rate year by 12 to determine the monthly cost estimate and allocating the monthly cost estimate to each nursing facility based on the number of licensed beds in the nursing facility.

(b) The rate allowed for a screening where two team members are present shall be the actual costs up to $195. The rate allowed for a screening where only one team member is present shall be the actual costs up to $117. Annually on July 1, the commissioner shall adjust the rate up to the percentage change forecast in the fourth quarter of the prior calendar year by the Home Health Agency Market Basket of Operating Costs, unless otherwise adjusted by statute. The Home Health Agency Market Basket of Operating Costs is published by Data Resources, Inc.

(c) The monthly cost estimate for each certified nursing facility must be submitted to the state by the county no later than February 15 of each year for inclusion in the nursing facility's payment rate on the following rate year. The commissioner shall include the reported annual estimated cost of screenings for each nursing facility as an operating cost of that nursing facility in accordance with section 256B.431, subdivision 2b, paragraph (g). The monthly cost estimates approved by the commissioner must be sent to the nursing facility by the county no later than April 15 of each year.

(d) If in more than ten percent of the total number of screenings performed by a county in a fiscal year for all individuals regardless of payment source, the screening timelines were not met because a county was late in screening the individual, the county is solely responsible for paying the cost of those delayed screenings that exceed ten percent.

(e) Notwithstanding section 256B.0641, overpayments attributable to payment of the screening costs under the medical assistance program may not be recovered from a facility.

(f) The commissioner of human services shall amend the Minnesota medical assistance plan to include reimbursement for the local screening teams.

Subd. 7. [REIMBURSEMENT FOR CERTIFIED NURSING FACILITIES.] Medical assistance reimbursement for nursing facilities shall be authorized for a medical assistance recipient only if a preadmission screening has been conducted or the local county agency has authorized an exemption. Medical assistance reimbursement for nursing facilities shall not be provided for any recipient who the local screening team has determined does not meet the level of care criteria for nursing facility placement.

An individual has a choice and makes the final decision between

nursing facility placement and community placement after the screening team's recommendation. However, the local county mental health authority or the local mental retardation authority under Public Law Numbers 100-203 and 101-508 may prohibit admission to a nursing facility, if the individual does not meet the nursing facility level of care criteria or does need active treatment as defined in Public Law Numbers 100-203 and 101-508.

Appeals from the screening team's recommendation or the county agency's final decision shall be made according to section 256.045, subdivision 3.

Subd. 8. [ADVISORY COMMITTEE.] The commissioner shall appoint an advisory committee to advise the commissioner on the preadmission screening program, the alternative care program under section 256B.0913, and the home- and community-based services waiver programs for the elderly and the disabled. The advisory committee shall review policies and procedures and provide advice and technical assistance to the commissioner regarding the effectiveness and the efficient administration of the programs. The advisory committee must consist of not more than 20 people appointed by the commissioner and must be comprised of representatives from public agencies, public and private service providers, and consumers from all areas of the state. Members of the advisory committee must not be compensated for service.

Sec. 15. [256B.0913] [ALTERNATIVE CARE PROGRAM.]

Subdivision 1. [PURPOSE AND GOALS.] The purpose of the alternative care program is to provide funding for or access to home and community-based services for frail elderly persons, in order to limit nursing facility placements. The program is designed to support frail elderly persons in their desire to remain in the community as independently and as long as possible and to support informal caregivers in their efforts to provide care for frail elderly people. Further, the goals of the program are:

(1) to contain medical assistance expenditures by providing care in the community at a cost the same or less than nursing facility costs; and

(2) to maintain the moratorium on new construction of nursing home beds.

Subd. 2. [ELIGIBILITY FOR SERVICES.] Alternative care services are available to all frail older Minnesotans. This includes:

(1) persons who are receiving medical assistance and served under the medical assistance program or the Medicaid waiver program;

(2) persons who would be eligible for medical assistance within 180 days of admission to a nursing facility and served under subdivisions 4 to 13; and

(3) persons who are paying for their services out-of-pocket.

Subd. 3. [ELIGIBILITY FOR FUNDING FOR SERVICES FOR MEDICAL ASSISTANCE RECIPIENTS.] Funding for services for persons who are eligible for medical assistance is available under section 256B.0627, governing home care services, or 256B.0915, governing the Medicaid waiver for home and community-based services.

Subd. 4. [ELIGIBILITY FOR FUNDING FOR SERVICES FOR NONMEDICAL ASSISTANCE RECIPIENTS.] (a) Funding for services under the alternative care program is available to persons who meet the following criteria:

(1) the person has been screened by the county screening team or, if previously screened and served under the alternative care program, assessed by the local county social worker or public health nurse;

(2) the person is age 65 or older;

(3) the person would be eligible for medical assistance within 180 days of admission to a nursing facility;

(4) the screening team would recommend nursing facility admission or continued stay for the person if alternative care services were not available;

(5) the person needs services that are not available at that time in the county through other county, state, or federal funding sources; and

(6) the monthly cost of the alternative care services funded by the program for this person does not exceed 80 percent of the statewide average monthly medical assistance payment for nursing facility care at the individual's case mix classification to which the individual would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059.

(b) Individuals who meet the criteria in paragraph (a) and who have been approved for alternative care funding, are called 180-day eligible clients.

(c) The average payment for nursing facility care shall be the statewide monthly average nursing facility rate effective July 1 of the fiscal year in which the cost is incurred, less the statewide

average monthly income of nursing facility residents who are age 65 or older, and who are medical assistance recipients in the month of March of the previous fiscal year. This monthly limit does not prohibit the 180-day eligible client from paying for additional services needed or desired.

(d) In determining the total costs of alternative care services for one month, the costs of all services funded by the alternative care program, including supplies and equipment, must be included.

(e) Alternative care funding under this subdivision is not available for a person who is a medical assistance recipient or who would be eligible for medical assistance without a spend-down if the person applied, unless authorized by the commissioner.

(f) Alternative care funding is not available for a person who resides in a licensed nursing home or boarding care home, except for case management services which are being provided in support of the discharge planning process.

Subd. 5. [SERVICES COVERED UNDER ALTERNATIVE CARE.] (a) Alternative care funding may be used for payment of costs of:

(1) adult foster care;

(2) adult day care;

(3) home health aide;

(4) homemaker services;

(5) personal care;

(6) case management;

(7) respite care;

(8) assisted living; and

(9) care-related supplies and equipment.

(b) The county agency may use up to ten percent of the annual allocation of alternative care funding for payment of costs of meals delivered to the home, transportation, skilled nursing, companion services, nutrition services, and training for direct informal caregivers. The commissioner shall determine the impact on alternative care costs of allowing these additional services to be provided and shall report the findings to the legislature by February 15, 1993,

including any recommendations regarding provision of the additional services.

(c) The county agency must ensure that the funds are used only to supplement and not supplant services available through other public assistance or services programs.

(d) These services must be provided by a licensed provider, a home health agency certified for reimbursement under Titles XVIII and XIX of the Social Security Act, or by persons or agencies employed by or contracted with the county agency or the public health nursing agency of the local board of health.

(e) The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board.

(f) Personal care services may be provided by a personal care provider organization. A county agency may contract with a relative of the client to provide personal care services, but must ensure nursing supervision. Covered personal care services defined in section 256B.0627, subdivision 4, must meet applicable standards in Minnesota Rules, part 9505.0335.

(g) Costs for supplies and equipment that exceed $150 per item per month must have prior approval from the commissioner.

(h) For the purposes of this section, "assisted living" refers to supportive services provided by a single vendor to two or more alternative care grant clients who reside in the same apartment building of ten or more units. These services may include care coordination, the costs of preparing one or more nutritionally balanced meals per day, general oversight, and other supportive services which the vendor is licensed to provide according to sections 144A.43 to 144A.49, and which would otherwise be available to individual alternative care grant clients. Reimbursement from the lead agency shall be made to the vendor as a monthly capitated rate negotiated with the county agency. The capitated rate shall not exceed the state share of the average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059. The capitated rate may not cover rent and direct food costs. A person's eligibility to reside in the building must not be contingent on the person's acceptance or use of the assisted living services. Assisted living services as defined in this section shall not be authorized in boarding and lodging establishments licensed according to sections 157.01 to 157.031.

(i) For purposes of this section, companion services are defined as nonmedical care, supervision and oversight, provided to a functionally impaired adult. Companions may assist the individual with such tasks as meal preparation, laundry and shopping, but do not

perform these activities as discrete services. The provision of companion services does not entail hands-on medical care. Providers may also perform light housekeeping tasks which are incidental to the care and supervision of the recipient. This service must be approved by the case manager as part of the care plan. Companion services must be provided by individuals or nonprofit organizations who are under contract with the local agency to provide the service. Any person related to the waiver recipient by blood, marriage or adoption cannot be reimbursed under this service. Persons providing companion services will be monitored by the case manager.

(j) For purposes of this section, training for direct informal caregivers is defined as a classroom or home course of instruction which may include: transfer and lifting skills, nutrition, personal and physical cares, home safety in a home environment, stress reduction and management, behavioral management, long-term care decision making, care coordination and family dynamics. The training is provided to an informal unpaid caregiver of a 180-day eligible client which enables the caregiver to deliver care in a home setting with high levels of quality. The training must be approved by the case manager as part of the individual care plan. Individuals, agencies, and educational facilities which provide caregiver training and education will be monitored by the case manager.

Subd. 6. [ALTERNATIVE CARE PROGRAM ADMINISTRATION.] The alternative care program is administered by the county agency. This agency is the lead agency responsible for the local administration of the alternative care program as described in this section. However, it may contract with the public health nursing service to be the lead agency.

Subd. 7. [CASE MANAGEMENT.] The lead agency shall appoint a social worker from the county agency or a registered nurse from the county public health nursing service of the local board of health to be the case manager for any person receiving services funded by the alternative care program. The case manager must ensure the health and safety of the individual client and is responsible for the cost effectiveness of the alternative care individual care plan.

Subd. 8. [REQUIREMENTS FOR INDIVIDUAL CARE PLAN.] The case manager shall implement the plan of care for each 180-day eligible client and ensure that a client's service needs and eligibility are reassessed at least every six months. The plan shall include any services prescribed by the individual's attending physician as necessary to allow the individual to remain in a community setting. In developing the individual's care plan, the case manager should include the use of volunteers from families and neighbors, religious organizations, social clubs, and civic and service organizations to support the formal home care services. The county shall be held harmless for damages or injuries sustained through the use of volunteers under this subdivision including workers' compensation

liability. The lead agency shall provide documentation to the commissioner verifying that the individual's alternative care is not available at that time through any other public assistance or service program. The lead agency shall provide documentation in each individual's plan of care and to the commissioner that the most cost-effective alternatives available have been offered to the individual and that the individual was free to choose among available qualified providers, both public and private.

Subd. 9. [CONTRACTING PROVISIONS FOR PROVIDERS.] The lead agency shall document to the commissioner that the agency made reasonable efforts to inform potential providers of the anticipated need for services under the alternative care program, including a minimum of 14 days' written advance 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. The lead agency shall also document to the commissioner that the agency allowed potential providers an opportunity to be selected to contract with the county agency. Funds reimbursed to counties under this subdivision are subject to audit by the commissioner for fiscal and utilization control.

The lead agency 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.

Subd. 10. [ALLOCATION FORMULA.] (a) The alternative care appropriation for fiscal years 1992 and beyond shall cover only 180-day eligible clients.

(b) Prior to July 1 of each year, the commissioner shall allocate to county agencies the state funds available for alternative care for persons eligible under subdivision 2. The allocation for fiscal year 1992 shall be calculated using a base that is adjusted to exclude the medical assistance share of alternative care expenditures. The adjusted base is calculated by multiplying each county's allocation for fiscal year 1991 by the percentage of county alternative care expenditures for 180-day eligible clients. The percentage is determined based on expenditures for services rendered in fiscal year 1989 or calendar year 1989, whichever is greater.

(c) If the county expenditures for 180-day eligible clients are 95 percent or more of its adjusted base allocation, the allocation for the next fiscal year is 100 percent of the adjusted base, plus inflation to the extent that inflation is included in the state budget.

(d) If the county expenditures for 180-day eligible clients are less than 95 percent of its adjusted base allocation, the allocation for the next fiscal year is the adjusted base allocation less the amount of unspent funds below the 95 percent level.

(e) For fiscal year 1992 only, a county under paragraph (d) may receive an increased allocation if annualized service costs for the month of May 1991 for 180-day eligible clients are greater than the allocation otherwise determined. A county may apply for this increase by reporting projected expenditures for May to the commissioner by June 1, 1991. The amount of the allocation may exceed the amount calculated in paragraph (c). The projected expenditures for May must be based on actual 180-day eligible client caseload and the individual cost of clients' care plans. If a county does not report its expenditures for May, the amount in paragraph (d) shall be used.

(f) Calculations for paragraphs (c) and (d) are to be made as follows: for each county, the determination of expenditures shall be based on payments for services rendered from April 1 through March 31 in the base year, to the extent that claims have been submitted by June 1 of that year.

Subd. 11. [TARGETED FUNDING.] (a) The purpose of targeted funding is to make additional money available to counties with the greatest need. Targeted funds are not intended to be distributed equitably among all counties, but rather, allocated to those with long-term care strategies that meet state goals.

(b) The funds available for targeted funding shall be the total appropriation for each fiscal year minus county allocations deter-

mined under subdivision 10 as adjusted for any inflation increases provided in appropriations for the biennium.

(c) Of the remaining targeted funds:

(1) 20 percent shall be reserved for SAIL projects as described in section 256B.0917;

(2) 40 percent shall be reserved to supplement the alternative care grants program and shall be distributed to counties that apply for them according to the following criteria:

(i) Counties shall be ranked from high to low according to their need for long-term care services by multiplying the statewide utilization rate of licensed nursing homes and boarding care homes times the projected numerical change in the county's population 85 years old and over for the period 1990 to 2000, and then dividing by the number of licensed nursing home and boarding care home beds in the county. For the purposes of this section, population counts and projections shall be based on the state demographer's data and the count of licensed nursing home beds and boarding care home beds shall be the count found in the most recently published edition of the health care facilities directory of the department of health. For the purposes of this section, "utilization rate" means the proportion of persons 85 years of age and older in a county who are residing in a licensed nursing home or boarding care home according to the most recent information available from the department of health.

(ii) The projected number of additional nursing home and boarding care home beds that would be needed in each county in the absence of an alternative care program shall be calculated by multiplying the utilization rate times the projected numerical change in the county's population 85 years of age and older for the period 1990 to 2000.

(iii) All targeted funds available under this clause shall be allocated to counties by multiplying one-eighth times the number of beds projected in item (ii) times the statewide average cost of one alternative care grant client for the most recent full year for which complete cost data is available, beginning with the top-ranked county as found in item (i) and continuing down the list of counties in rank order until the funds are exhausted; and

(3) 40 percent shall be distributed to counties that can justify program growth by demonstrating the existence of alternative care waiting lists, demographically justified needs, or other unmet needs and to counties that propose innovative, cost-effective projects to divert community residents from nursing home placement or to relocate nursing home residents to community living. Projects must contribute to the state's overall goals and objectives for long-term care.

(d) Counties that would receive targeted funds according to paragraph (c) must demonstrate to the commissioner's satisfaction that the funds would be appropriately spent by showing how the funds would be used to further the state's alternative care goals as described in subdivision 1, and that the county has the administrative and service delivery capability to use them.

(e) If the commissioner does not approve a county's application for targeted funds, the funds shall be reallocated to the next ranking county according to paragraph (c), clause (2), that has not yet received funds. Counties that receive such reallocated funds must comply with this section.

(f) The commissioner shall request applications by June 1 each year, for county agencies to apply for targeted funds. The counties selected for targeted funds shall be notified of the amount of their additional funding by August 1 of each year. Targeted funds allocated to a county agency in one year shall be treated as part of the county's base allocation for that year in determining allocations for subsequent years. No reallocations between counties shall be made.

(g) The allocation for each year after fiscal year 1992 shall be determined using the previous fiscal year's allocation, including any targeted funds, as the base and then applying the criteria under subdivision 10, paragraphs (c), (d), and (f), to the current year's expenditures.

Subd. 12. [CLIENT PREMIUMS.] A premium is required for all 180-day eligible clients to help pay for the cost of participating in the program. The commissioner shall establish a premium schedule ranging from $25 to $75 per month based on the client's income and assets. Until July 1, 1993, the schedule is not subject to chapter 14. The commissioner shall publish the schedule and any later changes in the State Register and allow a period of 20 working days from the publication date for interested persons to comment before adopting the schedule in final form. The commissioner shall adopt a permanent rule governing client premiums by July 1, 1993.

Subd. 13. [COUNTY ALTERNATIVE CARE BIENNIAL PLAN.] The commissioner shall establish by rule, in accordance with chapter 14, procedures for the submittal and approval of a biennial county plan for the administration of the alternative care program and the coordination with other planning processes for the older adult. In addition to the procedures in rule, this county biennial plan shall also include:

(1) information on the administration of the preadmission screening program;

(2) information on the administration of the home and community-based services waiver under section 256B.0915;

(3) an application for targeted funds under subdivision 10; and

(4) an optional notice of intent to apply to participate in the long-term care projects under section 256B.0917.

Subd. 14. [REIMBURSEMENT AND RATE ADJUSTMENTS.] (a) Reimbursement for expenditures for the alternative care services shall be through the invoice processing procedures of the department's Medicaid management information system (MMIS), only with the approval of the client's case manager. To receive reimbursement, the county or vendor must submit invoices within 90 days following the month of service. The county agency and its vendors under contract shall not be reimbursed for services which exceed the county allocation.

(b) The commissioner shall reduce the county's reimbursement by the amount of the premium due from each individual as reported by the preadmission screening team at the case opening and by the case manager at each six-month reassessment.

(c) Beginning July 1, 1991, the state will reimburse counties, up to the limits of state appropriations, according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision on or after January 1, 1991, for individuals who would be eligible for medical assistance within 180 days of admission to a nursing home.

(d) Annually on July 1, the commissioner must adjust the rates allowed for alternative care services by the forecasted percentage change in the Home Health Agency Market Basket of Operating Costs, for the fiscal year beginning July 1, compared to the previous fiscal year, unless otherwise adjusted by statute. The Home Health Agency Market Basket of Operating Costs is published by Data Resources, Inc. The forecast to be used is the one published for the calendar quarter beginning January 1, six months prior to the beginning of the fiscal year for which rates are set.

Sec. 16. [256B.0915] [MEDICAID WAIVER FOR HOME AND COMMUNITY-BASED SERVICES.]

Subdivision 1. [AUTHORITY.] The commissioner is authorized to apply for a home and community-based services waiver for the elderly, authorized under section 1915(c) of the Social Security Act, in order to obtain federal financial participation to expand the availability of services for persons who are eligible for medical assistance. The commissioner may apply for additional waivers or pursue other federal financial participation which is advantageous

to the state for funding home care services for the frail elderly who are eligible for medical assistance. The provision of waivered services to medical assistance recipients must comply with the criteria approved in the waiver.

Subd. 2. [SPOUSAL IMPOVERISHMENT POLICIES.] The commissioner shall seek to amend the federal waiver and the medical assistance state plan to allow spousal impoverishment criteria as authorized in Code of Federal Regulations, title 42, section 435.726(1924), and as implemented in sections 256B.0575, 256B.058, and 256B.059 to be applied to persons who are served on the home and community-based services waiver.

Subd. 3. [LIMITS OF CASES, RATES, REIMBURSEMENT, AND FORECASTING.] (a) The number of medical assistance waiver recipients that a county may serve must be allocated according to the number of medical assistance waiver cases open on July 1 of each fiscal year. Additional recipients may be served with the approval of the commissioner.

(b) The monthly limit for the cost of waivered services to an individual waiver client shall be the statewide average payment rate of the case mix resident class to which the waiver client would be assigned under medical assistance case mix reimbursement system. The statewide average payment rate is calculated by determining the statewide monthly average nursing home rate effective July 1 of the fiscal year in which the cost is incurred, less the statewide average monthly income of nursing home residents who are age 65 or older, and who are medical assistance recipients in the month of March of the previous state fiscal year. The following costs must be included in determining the total monthly costs for the waiver client:

(1) cost of all waivered services, including extended medical supplies and equipment; and

(2) cost of skilled nursing, home health aide, and personal care services reimbursable by medical assistance.

(c) Medical assistance funding for skilled nursing services, home health aide, and personal care services for waiver recipients must be approved by the case manager and included in the individual care plan.

(d) Expenditures for extended medical supplies and equipment that cost over $150 per month must have the commissioner's prior approval.

(e) Annually on July 1, the commissioner must adjust the rates allowed for services by the forecasted percentage change in the

Home Health Agency Market Basket of Operating Costs, for the fiscal year beginning July 1, compared to the previous fiscal year, unless otherwise adjusted by statute. The Home Health Agency Market Basket of Operating Costs is published by Data Resources, Inc. The forecast to be used is the one published for the calendar quarter beginning January 1, six months prior to the beginning of the fiscal year for which rates are set.

(f) Reimbursement for the medical assistance recipients under the approved waiver shall be made from the medical assistance account through the invoice processing procedures of the department's Medicaid management information system (MMIS), only with the approval of the client's case manager. The budget for the state share of the Medicaid expenditures shall be forecasted with the medical assistance budget, and shall be consistent with the approved waiver.

(g) Beginning July 1, 1991, the state shall reimburse counties according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision on or after January 1, 1991, for individuals who are receiving medical assistance.

Sec. 17. [256B.0917] [SENIORS' AGENDA FOR INDEPENDENT LIVING (SAIL) PROJECTS FOR A NEW LONG-TERM CARE STRATEGY.]

Subdivision 1. [PURPOSE, MISSION, GOALS, AND OBJECTIVES.] (a) The purpose of implementing seniors' agenda for independent living (SAIL) projects under this section is to demonstrate a new cooperative strategy for the long-term care system in the state of Minnesota. The projects are part of the initial biennial plan for a 20-year strategy. The mission of the 20-year strategy is to create a new community-based care paradigm for long-term care in Minnesota in order to maximize independence of the older adult population, and to ensure cost-effective use of financial and human resources. The goals for the 20-year strategy are to:

(1) achieve a broad awareness and use of low-cost home care and other residential alternatives to nursing homes;

(2) develop a statewide system of information and assistance to enable easy access to long-term care services;

(3) develop sufficient alternatives to nursing homes to serve the increased number of people needing long-term care;

(4) maintain the moratorium on new construction of nursing home beds and to lower the percentage of elderly served in institutional settings; and

(5) build a community-based approach and community commit-

ment to delivering long-term care services for elderly persons in their homes.

(b) The objective for the fiscal years 1992 and 1993 biennial plan is to implement at least four but not more than six projects in anticipation of a statewide program. These projects will begin the process of implementing: (1) a coordinated planning and administrative process; (2) a refocused function of the preadmission screening program; (3) the development of additional home, community, and residential alternatives to nursing homes; (4) a program to support the informal caregivers for elderly persons; (5) programs to strengthen the use of volunteers; and (6) programs to support the building of community commitment to provide long-term care for elderly persons. This is done in conjunction with an expanded role of the interagency long-term care planning committee as described in section 144A.31. The services offered through these projects will be available to those who have their own funds to pay for services, as well as to persons who are eligible for medical assistance and to persons who are 180-day eligible clients to the extent authorized in this section.

Subd. 2. [DESIGN OF SAIL PROJECTS; LOCAL LONG-TERM CARE COORDINATING TEAM.] (a) The commissioner of human services shall establish SAIL projects in four to six counties or groups of counties to demonstrate the feasibility and cost-effectiveness of a local long-term care strategy that is consistent with the state's long-term care goals identified in subdivision 1. The commissioner shall publish a notice in the State Register announcing the availability of project funding and giving instructions for making an application. The instructions for the application shall identify the amount of funding available for project components.

(b) To be selected for the project, the county social service agencies, public health nursing service agencies, local boards of health, and the area agencies on aging in a geographic area must establish a local long-term care coordinating team which is responsible for:

(1) developing a local long-term care strategy consistent with state goals and objectives;

(2) submitting an application to be selected as a project;

(3) coordinating planning for funds to provide services to elderly persons, including funds received under Title III of the Social Security Act, Community Social Services Act, Title XX of the Social Security Act and the Local Public Health Act;

(4) ensuring efficient services provision and nonduplication of funding; and

(5) designating a local lead agency and cooperating agencies to implement the local strategy. For purposes of this section, the local lead agency shall be a county agency, a public health nursing service under the local board of health, or an area agency on aging. The lead agency receives and manages the project funds from the state and is responsible for the implementation of the local strategy. If selected as a project, the local long-term care coordinating team must evaluate the success of the local long-term care strategy in meeting state measures of performance and results as established in the contract.

(c) The local long-term care coordinating team may include in its membership other units of government which provide funding for services to the frail elderly. The team must cooperate with consumers and other public and private agencies, including nursing homes, in the geographic area in order to develop and offer a variety of cost-effective services to the elderly and their caregivers.

(d) The local long-term care coordinating team shall apply to be selected as a project. Once the team is selected as a project, the commissioner of human services shall contract with the lead agency for the project and shall provide additional administrative funds for implementing the provisions of the contract, within the appropriation available for this purpose.

(e) Projects shall be selected according to the following conditions:

(1) No project may be selected unless it demonstrates that:

(i) the objectives of the local project will help to achieve the state's long-term care goals as defined in subdivision 1;

(ii) in the case of a project submitted jointly by several counties, all of the participating counties are contiguous;

(iii) there is a designated local lead agency that is empowered to make contracts with the state and local vendors on behalf of all participants;

(iv) the project proposal demonstrates that the local cooperating agencies have the ability to perform the project as described and that the implementation of the project has a reasonable chance of achieving its objectives;

(v) the project will serve an area that covers at least four counties or contains at least 2,500 persons who are 85 years of age or older, according to the projections of the state demographer or the census if the data is more recent; and

(vi) the local coordinating team documents efforts of cooperation

with consumers and other agencies and organizations, both public and private, in planning for service delivery.

(2) If only two projects are selected, at least one of them must be from a metropolitan statistical area as determined by the United States Census Bureau; if three or four projects are selected, at least one but not more than two projects must be from a metropolitan statistical area; and if more than four projects are selected, at least two but not more than three projects must be from a metropolitan statistical area.

(3) Counties or groups of counties that submit a proposal for a project shall be assigned to types defined by institutional utilization rate and population growth rate in the following manner:

(i) Each county or group of counties shall be measured by the utilization rate of nursing homes and boarding care homes and by the projected growth rate of its population aged 85 and over between 1990 and 2000. For the purposes of this section, "utilization rate" means the proportion of the seniors aged 65 or older in the county or group of counties who reside in a licensed nursing home or boarding care home as determined by the most recent census of residents available from the department of health and the population estimates of the state demographer or the census, whichever is more recent. The "projected growth rate" is the rate of change in the county or group of counties of the population group aged 85 or older between 1990 and 2000 according to the projections of the state demographer.

(ii) The institutional utilization rate of a county or group of counties shall be converted to a category by assigning a "high utilization" category if the rate is above the median rate of all counties, and a "low utilization" category otherwise. The projected growth rate of a county or group of counties shall be converted to a category by assigning a score of "high growth" category if the rate is above the median rate of all counties, and a "low growth" category otherwise.

(iii) Types of areas shall be defined by the four combinations of the scores defined in item (ii): type 1 is low utilization – high growth, type 2 is high utilization – high growth, type 3 is high utilization – low growth, and type 4 is low utilization – low growth. Each county or group of counties making a proposal shall be assigned to one of these types.

(4) Projects shall be selected from each of the types in the order that the types are listed in paragraph 3, *item (iii), with* available funding allocated to projects until it is exhausted, with no more than 30 percent of available funding allocated to any one project. Available funding includes state administrative funds which have been appropriated for screening functions in subdivision 4, paragraph (b),

clause (3) and for service developers and incentive grants in subdivision 5, paragraphs (b) and (c).

(5) If more than one county or group of counties within one of the types defined by paragraph (3) proposes a special project that meets all of the other conditions in paragraphs (1) and (2), the project that demonstrates the most cost-effective proposals in terms of the number of nursing home placements that can be expected to be diverted or converted to alternative care services per unit of cost shall be selected.

Subd. 3. [LOCAL LONG-TERM CARE STRATEGY.] The local long-term care strategy must list performance outcomes and indicators which meet the state's objectives. The local strategy must provide for:

(1) accessible information, assessment, and preadmission screening activities as described in subdivision 4;

(2) an application for expansion of alternative care targeted funds under section 256B.0913, for serving 180-day eligible clients, including those who are relocated from nursing homes; and

(3) the development of additional services such as adult family foster care homes; family adult day care; assisted living projects and congregate housing service projects in apartment buildings; expanded home care services for evenings and weekends; expanded volunteer services; and caregiver support and respite care projects.

The county or groups of counties selected for the projects shall be required to comply with federal regulations, alternative care funding policies in section 256B.0913, and the federal waiver programs' policies in section 256B.0915. The requirements for preadmission screening as defined in section 256B.0911, subdivisions 1 to 6, are waived for those counties selected as part of a long-term care strategy project. For persons who are eligible for medical assistance or who are 180-day eligible clients and who are screened after nursing facility admission, the nursing facility must include a screener in the discharge planning process for those individuals who the screener has determined have discharge potential. The agency responsible for the screening function in subdivision 4 must ensure a smooth transition and follow-up for the individual's return to the community. Requirements for an access, screening, and assessment function replace the preadmission screening requirements and are defined in subdivision 4. Requirements for the service development and service provision are defined in subdivision 5.

Subd. 4. [ACCESSIBLE INFORMATION, SCREENING, AND ASSESSMENT FUNCTION.] (a) The projects selected by and under contract with the commissioner shall establish an accessible information, screening, and assessment function for persons who need

assistance and information regarding long-term care. This accessible information, screening, and assessment activity shall include information and referral, early intervention, follow-up contacts, telephone triage as defined in paragraph (e), home visits, assessments, preadmission screening, and relocation case management for the frail elderly and their caregivers in the area served by the county or counties. The purpose is to assure that information and help is provided to elderly persons and their families in a timely fashion, when they are making decisions about long-term care. These functions may be split among various agencies, but must be coordinated by the local long-term care coordinating team.

(b) Accessible information, screening, and assessment functions shall be reimbursed as follows:

(1) The screenings of all persons entering nursing homes shall be reimbursed by the nursing homes in the counties of the project, through the same policy that is in place in fiscal year 1992 as established in section 256B.0911. The amount a nursing home pays to the county agency is that amount identified and approved in the February 15, 1991, estimated number of screenings and associated expenditures. This amount remains the same for fiscal year 1993;

(2) The level I screenings and the level II assessments required by Public Law Numbers 100-203 and 101-508 (OBRA) for persons with mental illness, mental retardation, or related conditions, are reimbursed through administrative funds with 75 percent federal funds and 25 percent state funds, as allowed by federal regulations and established in the contract; and

(3) Additional state administrative funds shall be available for the access, screening, and assessment activities that are not reimbursed under clauses (1) and (2). This amount shall not exceed the amount authorized in the guidelines and in instructions for the application and must be within the amount appropriated for this activity.

(c) The amounts available under paragraph (b) are available to the county or counties involved in the project to cover staff salaries and expenses to provide the services in this subdivision. The lead agency shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to provide the services listed in this subdivision.

(d) Any information and referral functions funded by other sources, such as Title III and Title XX of the Social Security Act and the Community Social Services Act, shall be considered by the local long-term care coordinating team in establishing this function to avoid duplication and to assure access to information for persons needing help and information regarding long-term care.

(e) The staffing for the screening and assessment function must include, but is not limited to, a county social worker and a county public health nurse. The social worker and public health nurse are responsible for all assessments that are required to be completed by a professional. However, only one of these professionals is required to be present for the assessment.

(f) All persons entering a Medicaid certified nursing home or boarding care home must be screened through an assessment process, although the decision to conduct a face-to-face interview is left with the county social worker and the county public health nurse. All applicants to nursing homes must be screened and approved for admission by the county social worker or the county public health nurse named by the lead agency or the agencies which are under contract with the lead agency to manage the access, screening, and assessment functions. For applicants who have a diagnosis of mental illness, mental retardation, or a related condition, and are subject to the provisions of Public Law Numbers 100-203 and 101-508, their admission must be approved by the local mental health authority or the local developmental disabilities case manager. The commissioner shall develop instructions and assessment forms for telephone triage and on-site screenings to assure that federal regulations and waiver provisions are met. For purposes of this section, the term "telephone triage" refers to a telephone or face-to-face consultation between health care and social service professionals during which the clients' circumstances are reviewed and the county agency professional sorts the individual into categories: (1) needs no screening, (2) needs an immediate screening, or (3) needs a screening after admission to a nursing home or after a return home. The county agency professional shall authorize admission to a nursing home according to the provisions in section 256B.0911, subdivision 7.

(g) The requirements for case mix assessments by a preadmission screening team may be waived and the nursing home shall complete the case mix assessments which are not conducted by the county public health nurse according to the procedures established under Minnesota Rules, part 9549.0059. The appropriate county or the lead agency is responsible for distributing the quality assurance and review form for all new applicants to nursing homes.

(h) The lead agency or the agencies under contract with the lead agency which are responsible for the accessible information, screening, and assessment function must complete the forms and reports required by the commissioner as specified in the contract.

Subd. 5. [SERVICE DEVELOPMENT AND SERVICE DELIVERY.] (a) In addition to the access, screening, and assessment activity, each local strategy may include provisions for the following:

(1) expansion of alternative care to serve an increased caseload, over the fiscal year 1991 average caseload, of at least 100 persons each year who are assessed prior to nursing home admission and persons who are relocated from nursing homes, which results in a reduction of the medical assistance nursing home caseload;

(2) the addition of a full-time staff person who is responsible to develop the following services and recruit providers as established in the contract:

(i) additional adult family foster care homes;

(ii) family adult day care providers as defined in section 256B.0919, subdivision 2;

(iii) an assisted living program in an apartment;

(iv) a congregate housing service project in a subsidized housing project; and

(v) the expansion of evening and weekend coverage of home care services as deemed necessary by the local strategic plan;

(3) small incentive grants to new adult family care providers for renovations needed to meet licensure requirements;

(4) a plan to apply for a congregate housing service project as identified in section 256.9751, authorized by the Minnesota board on aging, to the extent that funds are available;

(5) a plan to divert new applicants to nursing homes and to relocate a targeted population from nursing homes, using the individual's own resources or the funding available for services;

(6) one or more caregiver support and respite care projects, as described in subdivision 6; and

(7) one or more living-at-home/block nurse projects, as described in subdivisions 7 to 10.

(b) The expansion of alternative care clients under paragraph (a) shall be accomplished with the funds provided under section 256B.0913, and includes the allocation of targeted funds. The funding for all participating counties must be coordinated by the local long-term care coordinating team and must be part of the local long-term care strategy. Each county retains responsibility for reimbursement as defined in section 256B.0913, subdivision 12. All other requirements for the alternative care program must be met unless an exception is provided in this section. The commissioner may establish by contract a reimbursement mechanism for alterna-

tive care that does not require invoice processing through the medical assistance management information system (MMIS). The commissioner and local agencies must assure that the same client and reimbursement data is obtained as is available under MMIS.

(c) The administration of these components is the responsibility of the agencies selected by the local coordinating team and under contract with the local lead agency. However, administrative funds for paragraph (a), clauses (2) to (5), and grant funds for paragraph (a), clauses (6) and (7), shall be granted to the local lead agency. The funding available for each component is based on the plan submitted and the amount negotiated in the contract.

Subd. 6. [STATEWIDE CAREGIVER SUPPORT AND RESPITE CARE RESOURCE CENTER; CAREGIVER SUPPORT AND RESPITE CARE PROJECTS.] (a) The commissioner shall establish and maintain a statewide resource center for caregiver support and respite care. The resource center shall:

(1) provide information, technical assistance, and training statewide to county agencies and organizations on direct service models of caregiver support and respite care services;

(2) identify and address issues, concerns, and gaps in the statewide network for caregiver support and respite care;

(3) maintain a statewide caregiver support and respite care directory;

(4) educate caregivers on the availability and use of caregiver and respite care services;

(5) promote and expand caregiver training and support groups using existing networks when possible; and

(6) apply for and manage grants related to caregiver support and respite care.

(b) The commissioner shall establish up to 36 projects to expand the respite care network in the state and to support caregivers in their responsibilities for care. The purpose of each project shall be to:

(1) establish a local coordinated network of volunteer and paid respite workers;

(2) coordinate assignment of respite workers to clients and care receivers and assure the health and safety of the client; and

(3) provide training for caregivers and ensure that support groups are available in the community.

(c) The caregiver support and respite care funds shall be available to the four to six local long-term care strategy projects designated in subdivisions 1 to 5.

(d) The commissioner shall publish a notice in the State Register to solicit proposals from public or private nonprofit agencies for the projects not included in the four to six local long-term care strategy projects defined in subdivision 2. A county agency may, alone or in combination with other county agencies, apply for caregiver support and respite care project funds. A public or nonprofit agency may apply for project funds if the agency has a letter of agreement with the county or counties in which services will be developed, stating the intention of the county or counties to coordinate their activities with the agency requesting a grant.

(e) The commissioner shall select grantees based on the following criteria:

(1) the ability of the proposal to demonstrate need in the area served, as evidenced by a community needs assessment or other demographic data;

(2) the ability of the proposal to clearly describe how the project will achieve the purpose defined in paragraph (b);

(3) the ability of the proposal to reach underserved populations;

(4) the ability of the proposal to demonstrate community commitment to the project, as evidenced by letters of support and cooperation as well as formation of a community task force;

(5) the ability of the proposal to clearly describe the process for recruiting, training, and retraining volunteers; and

(6) the inclusion in the proposal of the plan to promote the project in the community, including outreach to persons needing the services.

(f) Funds for all projects under this subdivision may be used to:

(1) hire a coordinator to develop a coordinated network of volunteer and paid respite care services and assign workers to clients;

(2) recruit and train volunteer providers;

(3) train caregivers;

(4) ensure the development of support groups for caregivers;

(5) advertise the availability of the caregiver support and respite care project; and

(6) purchase equipment to maintain a system of assigning workers to clients.

(g) Project funds may not be used to supplant existing funding sources.

(h) An advisory committee shall be appointed to advise the caregiver support project on the development and implementation of the caregiver support and respite care services projects. The advisory committee shall review procedures and provide advice and technical assistance to the caregiver support project regarding the grant program established under this section. The advisory committee shall consist of not more than 12 people appointed by the commissioner and shall be comprised of representatives from public and private agencies, service providers and consumers from all areas of the state. Members of the advisory committee shall not be compensated for service.

Subd. 7. [CONTRACT.] The commissioner of human services shall execute a contract with an organization experienced in establishing and operating community-based programs that have used the principles listed in subdivision 8, paragraph (b), in order to meet the independent living and health needs of senior citizens aged 65 and over and provide community-based long-term care for senior citizens in their homes. The organization awarded the contract shall:

(1) assist the commissioner in developing criteria for and in awarding grants to establish community-based organizations that will implement living-at-home/block nurse programs throughout the state;

(2) assist the commissioner in awarding grants to enable current living-at-home/block nurse programs to implement the combined living-at-home/block nurse program model;

(3) serve as a state technical assistance center to assist and coordinate the living-at-home/block nurse programs established; and

(4) develop the implementation plan required by subdivision 10.

Subd. 8. [LIVING-AT-HOME/BLOCK NURSE PROGRAM GRANT.] (a) The commissioner, in cooperation with the organization awarded the contract under subdivision 7, shall develop and administer a grant program to establish seven to ten community-based organizations that will implement living-at-home/block nurse programs that are designed to enable senior citizens to live as

independently as possible in their homes and in their communities. Up to seven of the programs must be in counties outside the seven-county metropolitan area. The living-at-home/block nurse program funds shall be available to the four to six SAIL projects established under this section. Nonprofit organizations and units of local government are eligible to apply for grants to establish the community organizations that will implement living-at-home/block nurse programs. In awarding grants, the commissioner shall give preference to nonprofit organizations and units of local government from communities that:

(1) have high nursing home occupancy rates;

(2) have a shortage of health care professionals; and

(3) meet other criteria established by the commissioner, in consultation with the organization under contract.

(b) Grant applicants must also meet the following criteria:

(1) the local community demonstrates a readiness to establish a community model of care, including the formation of a board of directors, advisory committee, or similar group, of which at least two-thirds is comprised of community citizens interested in community-based care for older persons;

(2) the program has sponsorship by a credible, representative organization within the community;

(3) the program has defined specific geographic boundaries and defined its organization, staffing and coordination/delivery of services;

(4) the program demonstrates a team approach to coordination and care, ensuring that the older adult participants, their families, the formal and informal providers are all part of the effort to plan and provide services; and

(5) the program provides assurances that all community resources and funding will be coordinated and that other funding sources will be maximized, including a person's own resources.

(c) Grant applicants must provide a minimum of five percent of total estimated development costs from local community funding. Grants shall be awarded for two-year periods, and the base amount shall not exceed $40,000 per applicant for the grant period. The commissioner, in consultation with the organization under contract, may increase the grant amount for applicants from communities that have socioeconomic characteristics that indicate a higher level of need for development assistance.

(d) Each living-at-home/block nurse program shall be designed by representatives of the communities being served to ensure that the program addresses the specific needs of the community residents. The programs must be designed to:

(1) incorporate the basic community, organizational, and service delivery principles of the living-at-home/block nurse program model;

(2) provide senior citizens with registered nurse directed assessment, provision and coordination of health and personal care services on a sliding fee basis as an alternative to expensive nursing home care;

(3) provide information, support services, homemaking services, counseling, and training for the client and family caregivers;

(4) encourage the development and use of respite care, caregiver support, and in-home support programs, such as adult foster care and in-home adult day care;

(5) encourage neighborhood residents and local organizations to collaborate in meeting the needs of senior citizens in their communities;

(6) recruit, train, and direct the use of volunteers to provide informal services and other appropriate support to senior citizens and their caregivers; and

(7) provide coordination and management of formal and informal services to senior citizens and their families using less expensive alternatives.

Subd. 9. [STATE TECHNICAL ASSISTANCE CENTER.] The organization under contract shall be the state technical assistance center to provide orientation and technical assistance, and to coordinate the living-at-home/block nurse programs established. The state resource center shall:

(1) provide communities with criteria in planning and designing their living-at-home/block nurse programs;

(2) provide general orientation and technical assistance to communities who desire to establish living-at-home/block nurse programs;

(3) provide ongoing analysis and data collection of existing and newly established living-at-home/block nurse programs and provide data to the organization performing the independent assessment; and

(4) serve as the living-at-home/block nurse programs' liaison to the legislature and other state agencies.

Subd. 10. [IMPLEMENTATION PLAN.] The organization under contract shall develop a plan that specifies a strategy for implementing living-at-home/block nurse programs statewide. The plan must also analyze the data collected by the state technical assistance center and describe the effectiveness of services provided by living-at-home/block nurse programs, including the program's impact on acute care costs. The organization shall report to the commissioner of human services and to the legislature by January 1, 1993.

Subd. 11. [EVALUATION AND EXPANSION.] The commissioner shall evaluate the success of the projects against the objective stated in subdivision 1, paragraph (b), and recommend to the legislature the continuation or expansion of the long-term care strategy by February 15, 1993.

Subd. 12. [PUBLIC AWARENESS CAMPAIGN.] The commissioner, with assistance from the commissioner of health and with the advice of the long-term care planning committee, shall contract for a public awareness campaign to educate the general public, seniors, consumers, caregivers, and professionals about the aging process, the long-term care system, and alternatives available including alternative care and residential alternatives. Particular emphasis will be given to informing consumers on how to access the alternatives and obtain information on the long-term care system. The commissioner shall pursue the development of new names for preadmission screening, alternative care, and foster care.

Sec. 18. [256B.0919] [ADULT FOSTER CARE AND FAMILY ADULT DAY CARE.]

Subdivision 1. [ADULT FOSTER CARE LICENSURE CAPACITY.] Notwithstanding contrary provisions of the human services licensing act and rules adopted under it, an adult foster care license holder may care for five adults age 60 years or older who do not have serious and persistent mental illness or a developmental disability. The license holder under this section shall not be a corporate business which operates more than two facilities.

Subd. 2. [ADULT FOSTER CARE; FAMILY ADULT DAY CARE.] An adult foster care license holder may also provide family adult day care for adults age 60 years or older who do not have serious and persistent mental illness or a developmental disability. The maximum combined license capacity for adult foster care and family adult day care is five adults. A separate license is not required to provide family adult day care under this subdivision. Foster care homes providing services to five adults shall not be subject to licensure by the commissioner of health under the provisions of

chapter 144, 144A, 157, or any other law requiring facility licensure by the commissioner of health.

Subd. 3. [COUNTY CERTIFICATION OF PERSONS PROVIDING ADULT FOSTER CARE TO RELATED PERSONS.] A person exempt from licensure under section 245A.03, subdivision 2, who provides adult foster care to a related individual age 65 and older, and who meets the requirements in Minnesota Rules, parts 9555.5105 to 9555.6265, may be certified by the county to provide adult foster care. A person certified by the county to provide adult foster care may be reimbursed for services provided and eligible for funding under sections 256B.0913 and 256B.0915, if the relative would suffer a financial hardship as a result of providing care. For purposes of this subdivision, financial hardship refers to a situation in which a relative incurs a substantial reduction in income because he or she resigns from a full-time job or takes a leave of absence without pay from a full-time job to care for the client.

Sec. 19. Minnesota Statutes 1990, section 256B.093, is amended to read:

256B.093 [SERVICES FOR PERSONS WITH TRAUMATIC BRAIN INJURIES.]

Subdivision 1. [STATE COORDINATOR.] The commissioner of human services shall designate a full-time position within the long-term care management division of the department of human services to supervise and coordinate services for persons with traumatic brain injuries.

An advisory committee shall be established to provide recommendations to the department regarding program and service needs of persons with traumatic brain injuries.

Subd. 2. [ELIGIBILITY.] The commissioner may contract with qualified agencies or ~~persons~~ employ staff to provide statewide case management services to medical assistance recipients who are at risk of institutionalization and ~~meet one of the following criteria:~~

~~(a)~~ ~~The person has a~~ who have traumatic brain injury.

~~(b) The person is receiving home care services or is in an institution and has a discharge plan requiring the provision of home care services and meets one of the following criteria:~~

~~(1) the person suffers from a brain abnormality or degenerative brain disease resulting in significant destruction of brain tissue and loss of brain function that requires extensive services over an extended period of time;~~

~~(2) the person is unable to direct the person's own care;~~

~~(3) the person has medical home care costs that exceed thresholds established by the commissioner under Minnesota Rules, parts 9505.0170 to 9505.0475;~~

~~(4) the person is eligible for medical assistance under the option for certain disabled children in section 134 of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA);~~

~~(5) the person receives home care from two or more providers who are unable to effectively coordinate the services; or~~

~~(6) the person has received or will receive home care services for longer than six months.~~

Subd. 3. [CASE MANAGEMENT DUTIES.] The department shall fund ~~the~~ case management ~~contracts~~ under this subdivision using medical assistance administrative funds. ~~The contractor must~~ Case management duties include:

(1) ~~assess~~ assessing the person's individual needs for services required to prevent institutionalization;

(2) ~~assure~~ assuring that a care plan that ~~meets~~ addresses the person's needs is developed, implemented, and monitored on an ongoing basis by the appropriate agency or individual;

(3) ~~assist~~ assisting the person in obtaining services necessary to allow the person to remain in the community;

(4) ~~coordinate~~ coordinating home care services with other medical assistance services under section 256B.0625;

(5) ~~assure cost effectiveness of~~ assuring appropriate, accessible, and cost-effective medical assistance services;

(6) ~~make recommendations~~ recommending to the commissioner ~~on~~ the approval or denial of the use of medical assistance funds to pay for home care services when home care services exceed thresholds established by the commissioner under Minnesota Rules, parts 9505.0170 to 9505.0475;

(7) ~~assist~~ assisting the person with problems related to the provision of home care services;

(8) ~~assure~~ assuring the quality of home care services; ~~and~~

(9) ~~reassess~~ reassessing the person's need for and level of home care services at a frequency determined by the commissioner; and

(10) recommending to the commissioner the approval or denial of medical assistance funds for out-of-state placements for traumatic brain injury services.

Subd. 4. [DEFINITIONS.] For purposes of this section, the following definitions apply:

(a) "Traumatic brain injury" means a sudden insult or damage to the brain or its coverings, not of a degenerative or congenital nature. The insult or damage may produce an altered state of consciousness ~~or~~ and may result in a decrease in ~~mental,~~ cognitive, behavioral, emotional, or physical functioning resulting in partial or total disability.

(b) "Home care services" means medical assistance home care services defined under section 256B.0625, subdivisions ~~6~~ 6a, 7, and ~~19~~ 19a.

Sec. 20. Minnesota Statutes 1990, section 256B.64, is amended to read:

256B.64 [ATTENDANTS TO VENTILATOR-DEPENDENT RECIPIENTS.]

A ventilator-dependent recipient of medical assistance who has been receiving the services of a private duty nurse or personal care assistant in the recipient's home may continue to have a private duty nurse or personal care assistant present upon admission to a hospital licensed under chapter 144. The personal care assistant or private duty nurse shall perform only the services of communicator or interpreter for the ventilator-dependent patient during a transition period of up to 120 hours to assure adequate training of the hospital staff to communicate with the patient and to understand the unique comfort, safety, and personal care needs of the patient. The personal care assistant or private duty nurse may offer nonbinding advice to the health care professionals in charge of the ventilator-dependent patient's care and treatment on matters pertaining to the comfort and safety of the patient. ~~After the 120 hour transition period, an assessment may be made by the ventilator-dependent patient, the attending physician, and the patient's primary care nurse to determine whether continued services of communicator or interpreter for the patient by the private duty nurse or personal care assistant are necessary and appropriate for the patient's needs. If continued service is necessary and appropriate, the physician must certify this need to the commissioner of human services in order for payments to continue.~~ Within 36 hours of the end of the 120-hour transition period, an assessment may be made by the ventilator-dependent recipient, the attending physician, and the hospital staff caring for the recipient. If the persons making the assessment determine that additional communicator or interpreter services are medically necessary, the hospital must contact the commissioner 24

hours prior to the end of the 120-hour transition period and submit the assessment information to the commissioner. The commissioner shall review the request and determine if it is medically necessary to continue the interpreter services or if the hospital staff has had sufficient opportunity to adequately determine the needs of the patient. The commissioner shall determine if continued service is necessary and appropriate and whether or not payments shall continue. The commissioner may not authorize services beyond the limits of the available appropriations for this section. The commissioner may adopt rules necessary to implement this section. Reimbursement under this section must be at the payment rate and in a manner consistent with the payment rate and manner used in reimbursing these providers for home care services for the ventilator-dependent recipient under the medical assistance program.

Sec. 21. Minnesota Statutes 1990, section 256D.44, is amended by adding a subdivision to read:

Subd. 7. [RATE LIMITATION; WAIVERED SERVICES ELIGIBILITY.] If a current negotiated rate for a foster care placement is for an individual who is eligible for the home and community-based services waiver for the elderly, the negotiated rate must include only the room and board portion of the rate. The room and board portion of the negotiated rate is an amount equal to the difference between the medical assistance income limit for a single disabled or aged adult minus the amount of the medical assistance personal needs allowance for persons residing in a nursing facility.

Sec. 22. Minnesota Statutes 1990, section 273.1398, subdivision 1, is amended to read:

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

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of local tax rates.

(c) "Gross tax capacity" means the product of the gross class rates and estimated market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under section 273.425. Gross tax capacity cannot be less than zero.

(d) "Net tax capacity" means the product of (i) the appropriate net class rates for the year in which the aid is payable, except that for aids payable in 1991 the class rate applied to class 3 utility real and personal property shall be 5.38 percent; the class rate applied to class 4c property and that portion of class 3 property with an actual net class rate of 2.3 percent shall be 2.4 percent; the class rates applied to class 2a agricultural homestead property excluding the house, garage, and one acre shall be .4 percent for the first $100,000 of value reduced by the value of the house, garage, and one acre, 1.3 percent for the remaining value of the first 320 acres, and 1.7 percent for the remaining value of any acreage in excess of 320 acres; the class rate applied to class 2b property shall be 1.7 percent; the class rate applied to class 1b property shall be .4 percent; and the class rate for the portion of class 1 property and the house, garage, and one acre portion of class 2a property with a market value in excess of $100,000 shall be 3.0 percent, and (ii) estimated market values for the assessment two years prior to that in which aid is payable. The reclassification of mobile home parks as class 4c shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991 or 1992. The reclassification of fraternity and sorority houses as class 4c shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

(e) "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all property within the unique taxing jurisdiction. The total previous net tax capacity shall be reduced by the sum of (1) the unique taxing jurisdiction's previous net tax capacity of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in

which the unique taxing jurisdiction is located, (2) the previous net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the previous net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. Previous net tax capacity cannot be less than zero.

(f) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. The equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

(g) "1989 local tax rate" means the quotient derived by dividing the gross taxes levied within a unique taxing jurisdiction for taxes payable in 1989 by the gross tax capacity of the unique taxing jurisdiction for taxes payable in 1989. For computation of the local tax rate for aid payable in 1991 and subsequent years, gross taxes for taxes payable in 1989 exclude equalized levies as defined in subdivision 2a. For purposes of computation of the local tax rate only, gross taxes shall not be adjusted by inflation or household growth.

(h) "Current local tax rate" means the quotient derived by dividing the taxes levied within a unique taxing jurisdiction for taxes payable in the year prior to that for which aids are being calculated by the net tax capacity of the unique taxing jurisdiction.

(i) For purposes of calculating the homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's 1989 local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.

(j) For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties," "gross taxes," or "taxes levied" means the total taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction. Gross taxes levied on all properties or gross taxes are before reduction by any credits for taxes payable in 1989. "Gross taxes" are before any reduction for disparity reduction aid but "taxes levied" are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.

For homestead and agricultural credit aid payable in 1991, "gross taxes" or "gross taxes levied on all properties" shall mean gross taxes payable in 1989, excluding actual amounts levied for the purposes listed in subdivision 2a, multiplied by the cost-of-living adjustment factor and the household adjustment factor.

"Taxes levied" excludes actual amounts levied for purposes listed in subdivision 2a.

(k) "Human services aids" means:

(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;

(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(3) general assistance medical care under section 256D.03, subdivision 6;

(4) general assistance under section 256D.03, subdivision 2;

(5) work readiness under section 256D.03, subdivision 2;

(6) emergency assistance under section 256.871, subdivision 6;

(7) Minnesota supplemental aid under section 256D.36, subdivision 1;

(8) preadmission screening and alternative care grants ~~under section 256B.091~~;

(9) work readiness services under section 256D.051;

(10) case management services under section 256.736, subdivision 13;

(11) general assistance claims processing, medical transportation and related costs; and

(12) medical assistance, medical transportation and related costs.

(l) "Cost-of-living adjustment factor" means the greater of one or one plus the percentage increase in the consumer price index minus .36 percent. In no case may the cost of living adjustment factor exceed 1.0394.

(m) The percentage increase in the consumer price index means the percentage, if any, by which:

(1) the consumer price index for the calendar year preceding that in which aid is payable, exceeds

(2) the consumer price index for calendar year 1989.

(n) "Consumer price index for any calendar year" means the average of the consumer price index as of the close of the 12-month period ending on May 31 of such calendar year.

(o) "Consumer price index" means the last consumer price index for all-urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1989 shall be used.

(p) "Household adjustment factor" means the number of households for the second most recent year preceding that in which the aids are payable divided by the number of households for the third most recent year. The household adjustment factor cannot be less than one.

(q) "Growth adjustment factor" means the household adjustment factor in the case of counties, cities, and towns. In the case of school districts the growth adjustment factor means the average daily membership of the school district under section 124.17, subdivision 2, for the school year ending in the second most recent year preceding that in which the aids are payable divided by the average daily membership for the third most recent year. In the case of special taxing districts, the growth adjustment factor equals one. The growth adjustment factor cannot be less than one.

(r) "Homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid under subdivision 2b.

(s) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the unique taxing jurisdiction's current local tax rate. The net tax capacity adjustment cannot be less than zero.

(t) "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F.08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which aids are being calculated. In the case of school districts, the fiscal disparity

distribution levy shall exclude that part of the levy attributable to equalized school levies as defined in subdivision 2a.

Sec. 23. Laws 1988, chapter 689, article 2, section 256, subdivision 1, is amended to read:

Subdivision 1. [SELECTION OF PROJECTS.] The commissioner of human services shall establish pilot projects to demonstrate the feasibility and cost-effectiveness of alternatives to nursing home care that involve providing coordinated alternative care grant services for all eligible residents in an identified apartment building or complex or other congregate residential setting. The commissioner shall solicit proposals from counties and shall select up to four counties to participate, including at least one metropolitan county and one county in greater Minnesota. The commissioner shall select counties for participation based on the extent to which a proposed project is likely to:

(1) meet the needs of low-income, frail elderly;

(2) enable clients to live as independently as possible;

(3) result in cost-savings by reducing the per person cost of alternative care grant services through the efficiencies of coordinated services; and

(4) facilitate the discharge of elderly persons from nursing homes to less restrictive settings or delay their entry into nursing homes.

Participating counties shall use existing alternative care grant allocations to pay for pilot project services. The counties must contract with a medical assistance-certified home care agency to coordinate and deliver services and must demonstrate to the commissioner that quality assurance and auditing systems have been established. Notwithstanding Minnesota Statutes, section 256B.091, and rules of the commissioner of human services relating to the alternative care grants program, the commissioner may authorize pilot projects to use a monthly pre-capitated ~~rates~~ rate up to 60 percent of the monthly average nursing facility payment rate as defined in Minnesota Statutes, section 256B.0913; to provide expanded services such as chore services, activities, and meal planning, preparation, and serving; and to waive freedom of choice of vendor to the extent necessary to allow one vendor to provide services to all eligible persons in a residence or building. The commissioner may apply for a waiver of federal requirements as necessary to implement the pilot projects.

Sec. 24. [REVISOR INSTRUCTIONS.]

Subdivision 1. In the next edition of Minnesota Statutes, the

revisor shall delete the terms "board for quality assurance" and insert "long-term care planning committee" where found in Minnesota Statutes, sections 144A.071, subdivision 3; 144A.073, subdivision 3; 246.023; and 256B.431, subdivision 2d.

Subd. 2. In the next edition of Minnesota Statutes, the revisor shall delete the term "board" or "board's" and insert the term "committee" or "committee's" as appropriate and where found in Minnesota Statutes, section 144A.073, subdivisions 2 and 3.

Subd. 3. In the next edition of Minnesota Statutes, the revisor of statutes shall change the words "interagency board for quality assurance" to "interagency long-term care planning committee" or "interagency board" to "interagency committee" or "board" to "committee," as appropriate, wherever they appear in Minnesota Statutes. The revisor of statutes is also directed to change the citation "256B.091" wherever it appears in Minnesota Statutes to "256B.0911."

Sec. 25. [REPEALER.]

Minnesota Statutes 1990, sections 144A.31, subdivisions 2 and 3; 256B.0625, subdivisions 6 and 19; 256B.0627, subdivision 3; 256B.091; 256B.431, subdivision 6; 256B.69, subdivision 8; and 256B.71, subdivision 5, are repealed.

ARTICLE 8

CRIMINAL JUSTICE

Section 1. Minnesota Statutes 1990, 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 $200 fee before the person's drivers license is reinstated to be credited as follows:

(1) 25 percent shall be credited to the trunk highway fund;

(2) 50 percent shall be credited to ~~a separate account to be known as the county probation reimbursement account. Money in this account may be 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~~ the general fund;

(3) ten percent shall be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and shall be divided as follows: eight percent for laboratory costs; two percent for carrying out the provisions of section 299C.065;

(4) 15 percent shall be credited to a separate account to be known as the alcohol-impaired driver education account. Money in the account may be 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. Each year the commissioner may use $100,000 to administer the grant program and other traffic safety education programs.

Sec. 2. Minnesota Statutes 1990, section 241.022, is amended to read:

241.022 [GRANTS-IN-AID TO COUNTIES FOR ADULT DETENTION FACILITIES AND PROGRAMS.]

Subdivision 1. [AUTHORIZATION TO MAKE FACILITY GRANTS.] (a) The commissioner of corrections may, out of money appropriated for the purposes of this section, make grants to counties or groups of counties for the purpose of assisting those counties to construct or rehabilitate local adult detention facilities and to assist counties or groups of counties in the construction or rehabilitation of regional jails and lockups, work houses, or work farms, and detention and treatment facilities for adult offenders~~, youthful offenders, and delinquent children, and to aid such~~.

Subd. 2. [AUTHORIZATION TO MAKE PROGRAM GRANTS.] The commissioner of corrections may, out of money appropriated for the purposes of this section, make grants to counties or groups of counties for the purpose of assisting those counties ~~in developing and maintaining~~ to develop and maintain adequate programs and personnel for the education, training, treatment and rehabilitation of persons admitted to ~~such institutions, the commissioner of corrections is hereby authorized and empowered, out of any money appropriated for the purposes of this section, to make grants to such counties~~ the facilities described in subdivision 1. Eligible programs also include, but are not limited to, alternatives to detention or incarceration programs containing home detention components.

Subd. 3. [FEDERAL FUNDS.] The commissioner may also receive grants of funds from the federal government or any other lawful source for the ~~purpose of this section, and such~~ purposes of subdivi-

sions 1 and 2. These funds are ~~hereby~~ appropriated annually to the commissioner.

Subd. ~~2.~~ 4. [MINIMUM STANDARDS FOR FACILITIES.] The commissioner shall establish minimum standards for the construction, rehabilitation, size, area to be served, training and treatment programs, and staff qualifications~~, and projected annual operating costs of~~ in adult facilities to be rehabilitated or constructed. Compliance with these standards ~~shall constitute~~ constitutes a minimum requirement for the granting of assistance as provided by this section.

Subd. ~~3.~~ 5. [APPLICATION FOR FACILITY GRANTS.] ~~Any~~ (a) A county or group of counties operating any of the adult facilities described in subdivision 1 or desiring to construct and operate or to rehabilitate existing facilities may apply for assistance under this section by submitting to the commissioner of corrections for approval its plans, specifications, budget, program for training and treatment, and staffing pattern, including personnel qualifications. The commissioner may recommend ~~such~~ changes or modifications as the commissioner ~~deems~~ considers necessary to effect substantial compliance with the standards provided in subdivision ~~2~~ 4. When the commissioner has determined that ~~any~~ a county or group of counties has substantially complied with the minimum standards, or is making satisfactory progress toward ~~such~~ compliance, the commissioner may pay to ~~such~~ the county or groups of counties an amount not ~~to exceed~~ more than 50 percent of the cost of construction or rehabilitation of the facilities described in this section~~, and~~,.

(b) In the case of improvement of a program and continued operation of ~~any~~ a program in ~~a~~ an adult regional facility as described in subdivision ~~1~~ 2, the commissioner may pay to the governing board of ~~such~~ the facility a sum not ~~to exceed~~ more than $1,800 per year for each adult bed ~~and $3,200 per year for each juvenile bed as approved in the submitted plans and specifications~~.

Subd. ~~4.~~ 6. [INSPECTION.] The commissioner shall inspect at least annually each adult facility covered by this section and review its projected annual operating costs to insure continued compliance with minimum standards, and may withhold funds for noncompliance.

Subd. ~~5.~~ 7. [LIMITATION OF GRANTS TO FUTURE PROJECTS.] Completion and acceptance of new construction or rehabilitation of existing facilities must occur after ~~June 5, 1971~~ July 1, 1991, to enable a county or group of counties to receive any sums provided by this section.

~~This section shall apply only for those projects where a specific appropriation has been made.~~

Sec. 3. [241.0221] [JUVENILE DETENTION SERVICES SUBSIDY PROGRAM.]

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Commissioner" means the commissioner of corrections.

(b) "Local detention facility" means a county or multicounty facility that detains or confines preadjudicated or adjudicated delinquent and nondelinquent offenders, including offenders defined in section 260.015, subdivisions 21, 22, and 23.

(c) "Twenty-four-hour temporary holdover facility" means a physically restricting or a physically unrestricting facility used for up to 24 hours, excluding weekends and holidays, for the care of one or more children who are being detained under chapter 260.

(d) "Twenty-four-hour temporary holdover facility operational subsidy" means a subsidy of $7 per hour for staff supervision services provided to a delinquent child held within a 24-hour temporary holdover facility.

(e) "Eight-day temporary holdover facility" means a physically restricting and unrestricting facility of not more than eight beds, two of which must be capable of being physically restricting. The maximum period that a child can be detained under chapter 260 in this facility is eight days, excluding weekends and holidays.

(f) "Eight-day temporary holdover facility operational subsidy" means a subsidy in an amount not to exceed 50 percent of the annual actual operating costs of the facility and not to exceed $100,000, whichever is less.

(g) "Secure juvenile detention center" means a physically restricting facility licensed under Minnesota Rules, chapter 2930, and used for the temporary care of a delinquent child being detained under chapter 260.

(h) "Alternative detention programs" include, but are not limited to, home detention services, transportation services, including programs designed to return runaway children to their legal place of residence, custody detention services, training subsidy programs, and administrative services.

(i) "Secure juvenile detention center subsidy" means the $1,200 per bed subsidy authorized under subdivisions 2 and 5, paragraph (b).

(j) "Transportation service" means transportation of a child being

detained under chapter 260, including payment of a subsidy of $7 per hour for wages, mileage, meal expenses, and costs for interstate transportation of delinquent children.

(k) "Home detention service" means:

(1) supervision of children who are residing at their legal place of residence and who are being detained under chapter 260 and includes payment for wages, mileage, and expenses associated with supervision;

(2) a training subsidy used to pay for expenses incurred in training home detention staff; and

(3) electronic surveillance program costs incurred in electronic monitoring of children who are being detained at home or at their legal place of residence under chapter 260.

(l) "Custody detention service" means secure and nonsecure detention per diem costs for a child who is being detained under chapter 260.

(m) "Training subsidy" means a subsidy associated with training required staff to implement temporary holdover facility programs, transportation services, and home detention services.

(n) "Administrative services" means administering, coordinating, and implementing the 24-hour temporary holdover facilities, juvenile detention alternative programs involving transportation, home detention, and custody detention services.

(o) "Administrative start-up subsidy" means a subsidy associated with services rendered to get a 24-hour temporary holdover facility established and operating as required and not to exceed $2,000 per facility.

Subd. 2. [AUTHORIZATION TO MAKE SUBSIDIES TO COUNTIES.] The commissioner may, out of money appropriated for the purposes of this section, subsidize counties or groups of counties to assist in:

(a) construction or rehabilitation of local detention facilities; and

(b) developing or maintaining adequate local detention facility operations or alternative detention programs.

Subd. 3. [FEDERAL FUNDS.] The commissioner may also receive funds from the federal government or any other lawful source for the purposes of subdivision 2.

Subd. 4. [MINIMUM STANDARDS.] (a) The commissioner shall establish, under chapter 14, minimum standards for the construction or rehabilitation of all local detention facilities and their operations by July 1, 1993. Interim standards developed by the commissioner may be used until that time.

(b) The commissioner shall establish requirements for alternative detention program subsidies and the maximum amount of funding each eligible participating county can receive. These subsidy requirements are not subject to chapter 14 procedures. Compliance with requirements established by the commissioner constitutes a minimum requirement for the granting of subsidy funding.

Subd. 5. [APPLICATION FOR SUBSIDY FUNDING.] (a) A county or group of counties operating or desiring to operate any of the facilities defined in subdivision 1 may apply for facility construction or rehabilitation subsidy funds. Applications must be submitted in a format provided by the commissioner. Subsidy funds granted are contingent on approval of plans and budget proposals submitted. The commissioner may recommend changes or modifications as the commissioner considers necessary to effect substantial compliance with the standards established in subdivision 4. When the commissioner has determined that a county or group of counties has substantially complied with the minimum standards, or is making satisfactory progress toward compliance, the commissioner may pay to the county or counties an amount not more than 50 percent of the costs of construction or rehabilitation of the facility or facilities for which a subsidy has been granted, with the following exceptions:

(1) a 24-hour nonsecure temporary holdover facility may receive a one-time payment of up to a maximum of $3,000 per facility for construction or rehabilitation purposes and furnishings;

(2) a 24-hour secure temporary holdover facility may receive a one-time payment of up to a maximum of $10,000 per facility for construction or rehabilitation purposes and furnishings; and

(3) an eight-day temporary holdover facility may receive a one-time payment of up to a maximum of $10,000 per bed for no more than eight beds for construction or rehabilitation purposes and furnishings.

(b) A county or group of counties operating a secure juvenile detention center may apply for secure juvenile detention center subsidy funds. The commissioner may pay to the governing board of a local secure juvenile detention center a sum not more than $1,200 per year for each secure juvenile bed as approved in the submitted plans and specifications. These subsidy funds must be expended for alternative juvenile detention programs felt to be appropriate by the local governing board. The $1,200 per bed, per year subsidy shall be known as the secure juvenile detention center subsidy.

(c) A county or group of counties operating an eight-day temporary holdover facility may apply for an operational subsidy in an amount not to exceed 50 percent of the facility's approved operational budget. Reimbursement would occur based upon actual expenditures and compliance with standards and requirements established in subdivision 4 and could not exceed $100,000 per year, per facility.

(d) The commissioner may also pay to a county or group of counties a subsidy for alternative detention programs. Subsidies may cover costs for:

(1) home detention services;

(2) transportation services;

(3) custody detention services;

(4) training; and

(5) local administrative services.

(e) Counties operating a juvenile eight-day temporary holdover facility or a secure juvenile detention center are not eligible to receive a subsidy for alternative detention programs described in paragraph (d).

(f) The commissioner may pay to counties desiring to operate a secure or nonsecure 24-hour temporary holdover facility a one-time administrative start-up subsidy of $2,000 for staff services rendered for development and coordination purposes.

Subd. 6. [APPLICATION REVIEW PROCESS FOR SUBSIDY FUNDS.] To qualify for a subsidy, a county or group of counties must enter into a memorandum of agreement with the commissioner agreeing to comply with the minimum standards and requirements established by the commissioner under subdivision 4. The memorandum of agreement is not subject to the contract approval procedures of the commissioner of administration or chapter 16B. The commissioner shall provide forms and instructions for submission of subsidy applications.

The commissioner shall require a county or group of counties to document in its application that it is requesting subsidy funds for the least restrictive alternative appropriate to the county or counties detention needs. The commissioner shall evaluate applications and grant subsidies for local detention facilities and alternative detention programs described in this section in a manner consistent with the minimum standards and requirements established by the

commissioner in subdivision 4 and within the limit appropriations made available by law.

Subd. 7. [INSPECTION.] The commissioner shall inspect each local detention facility covered by this section in accordance with requirements set forth in section 241.021 to ensure continued compliance with minimum standards and requirements established by the commissioner in subdivision 4 and may withhold funds for noncompliance.

Subd. 8. [LIMITATION OF SUBSIDIES.] Funds for the purposes of subdivision 5, paragraph (a), are available only for construction projects begun after July 1, 1991.

Sec. 4. Minnesota Statutes 1990, section 299A.21, subdivision 6, is amended to read:

Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of ~~public safety~~ human services.

Sec. 5. Minnesota Statutes 1990, section 299A.23, subdivision 2, is amended to read:

Subd. 2. [ADVISORY COUNCIL.] An advisory council of 18 members is established under section 15.059. The commissioners of ~~human services~~ public safety, 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 ten 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 sections 299A.20 to 299A.26. The council does not expire as provided by section 15.059, subdivision 5.

Sec. 6. Minnesota Statutes 1990, section 299A.27, is amended to read:

299A.27 [ANNUAL APPROPRIATION.]

All earnings from trust fund assets, all sums received under section 299A.26, and 60 percent of the amount collected under section 144.226, subdivision 3 are appropriated annually from the children's trust fund for the prevention of child abuse to the commissioner of ~~public safety~~ human services to carry out sections 299A.20

to 299A.26. In fiscal year 1987 only, the first $75,000 collected under section 144.226, subdivision 3 is appropriated from the children's trust fund for the prevention of child abuse to the commissioner of ~~public safety~~ human services to carry out sections 299A.20 to 299A.26.

Sec. 7. Minnesota Statutes 1990, section 401.10, is amended to read:

401.10 [CORRECTIONS EQUALIZATION FORMULA.]

To determine the amount to be paid participating counties the commissioner of corrections will apply the following formula:

(1) All 87 counties will be scored in accordance with a formula involving four factors:

(a) per capita income;

(b) per capita net tax capacity;

(c) per capita expenditure per 1,000 population for correctional purposes, and;

(d) percent of county population aged six through 30 years of age according to the most recent federal census, and, in the intervening years between the taking of the federal census, according to the state demographer.

"Per capita expenditure per 1,000 population" for each county is to be determined by multiplying the number of persons convicted of a felony under supervision in each county at the end of the current year by $350. To the product thus obtained will be added:

(i) the number of presentence investigations completed in that county for the current year multiplied by $50;

(ii) the annual cost to the county for county probation officers' salaries for the current year; and

(iii) 33-1/3 percent of such annual cost for probation officers' salaries.

The total figure obtained by adding the foregoing items is then divided by the total county population according to the most recent federal census, or, during the intervening years between federal censuses, according to the state demographer.

(2) The percent of county population aged six through 30 years shall be determined according to the most recent federal census, or,

during the intervening years between federal censuses, according to the state demographer.

(3) Each county is then scored as follows:

(a) Each county's per capita income is divided into the 87 county average;

(b) Each county's per capita net tax capacity is divided into the 87 county average;

(c) Each county's per capita expenditure for correctional purposes is divided by the 87 county average;

(d) Each county's percent of county population aged six through 30 is divided by the 87 county average.

(4) The scores given each county on each of the foregoing four factors are then totaled and divided by four.

(5) The quotient thus obtained then becomes the computation factor for the county. This computation factor is then multiplied by a "dollar value," as fixed by the appropriation pursuant to sections 401.01 to 401.16, times the total county population. The resulting product is the amount of subsidy to which the county is eligible under sections 401.01 to 401.16. Notwithstanding any law to the contrary, the commissioner of corrections, after notifying the committees on finance of the senate and appropriations of the house of representatives, may, at the end of any fiscal year, transfer any unobligated funds in any appropriation to the department of corrections ~~to the appropriation under sections 401.01 to 401.16, which appropriation shall not cancel but is reappropriated for the purposes of sections 401.01 to 401.16~~.

Sec. 8. Minnesota Statutes 1990, section 401.13, is amended to read:

401.13 [CHARGES MADE TO COUNTIES.]

Each participating county will be charged a sum equal to the per diem cost of confinement of those juveniles committed to the commissioner after August 1, 1973, and confined in a state correctional facility. Provided, however, that the amount charged a participating county for the costs of confinement shall not exceed the amount of subsidy to which the county is eligible~~, and provided further that the counties of commitment shall also pay the per diem herein provided for all persons convicted of a felony for which the penalty provided by law does not exceed five years and confined in a state correctional facility prior to January 1, 1981. A county or group of counties participating in the community corrections act~~

~~may not be charged for any per diem cost of confinement for adults sentenced to the commissioner of corrections for crimes committed on or after January 1, 1981~~. The commissioner shall annually determine costs ~~and deduct them from the subsidy due and payable to the respective participating counties,~~ making necessary adjustments to reflect the actual costs of confinement. ~~However, in no case shall the percentage increase in the amount charged to the counties exceed the percentage by which the appropriation for the purposes of sections 401.01 to 401.16 was increased over the preceding biennium.~~ The commissioner of corrections shall report the costs to the commissioner of finance who shall bill the counties and deposit the receipts from the counties in the general fund. All charges shall be a charge upon the county of commitment.

Sec. 9. [EMPLOYMENT AND EDUCATION PILOT PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A pilot program is established to provide adolescents with opportunities for gaining a high school diploma, exploring occupations, evaluating vocational options, receiving career and life skills counseling, developing and pursuing personal goals, and participating in community-based projects. Two pilot projects shall be funded under the program and shall be targeted for young people as defined in Laws 1990, chapter 562, article 4, section 12, between the ages of 14 and 18 who, because of a lack of personal resources and skills, need assistance in setting and realizing education and employment goals and in becoming contributing members of their community.

Subd. 2. [ELIGIBILITY.] (a) An applicant for a pilot project grant must be a (1) school district, (2) education district, (3) group of districts cooperating for a particular purpose, or (4) eligible program under contract with a school district to provide educational services in the high school graduation incentives program under Minnesota Statutes, section 126.22. To meet the requirement in paragraph (b), clause (1), an applicant may apply jointly with a provider of an employment and training program administered through the department of jobs and training.

(b) To be eligible for a pilot project grant, an applicant must meet all of the following criteria:

(1) have operated or must be applying jointly with an entity which has operated a youth employment program serving targeted young people, administered through the department of jobs and training, for at least two years before applying for the grant;

(2) have operated a specialized or nontraditional education program designed to meet the needs of targeted young people, for at least two years before applying for the grant;

(3) develop a plan to identify and assess the knowledge, skills, and aptitudes of targeted young people under subdivision 1; and

(4) must use the results of the assessment to provide appropriate education and employment opportunities to targeted young people that promote a sense of self-sufficiency, self-esteem, and community.

Subd. 3. [APPLICATION PROCESS.] To obtain a pilot project grant under this section, an applicant must submit an application to the commissioner of jobs and training in the form and manner prescribed by the commissioner after consultation with the commissioner of education. The application must describe how the applicant will assist targeted young people to set useful education and employment goals, secure meaningful employment, and lead productive lives within their community. The applicant must also indicate what resources will be available to continue the program if it is found to be effective. The commissioner may require additional information from an applicant.

Subd. 4. [REVIEWING APPLICATIONS.] When reviewing applications, the commissioner shall determine whether all the requirements in subdivisions 2 and 3 are met. The commissioner, in consultation with the commissioner of education, shall, at a minimum, consider the following when reviewing applications:

(1) the education and employment activities proposed for the program;

(2) the demonstrated effectiveness of the applicant or joint applicants as a provider of similar services to targeted young people;

(3) the attraction and use of other resources including federal and state education funding, federal and state employment training funding, local and private funding, and targeted jobs tax credits in funding the proposed programs;

(4) the availability of both the education and employment components of the program on a year-round basis; and

(5) diversity in the geographic location and delivery mechanism of the proposed programs.

Subd. 5. [GRANT AWARDS.] The commissioner may award up to two pilot project grants, one in the seven-county metropolitan area and one in outstate Minnesota. Up to ten percent of the Minnesota youth program slots in the service delivery areas of the successful grantees shall be made available for the purposes of this section.

Subd. 6. [PRELIMINARY REPORT.] The commissioner shall provide a preliminary report on the employment and education

projects to the education and judiciary committees of the legislature no later than February 1, 1992. The report shall describe the projects which have been funded and shall include any preliminary information on the implementation and results of the projects.

Sec. 10. [TRANSFER OF CHILDREN'S TRUST FUND TO DEPARTMENT OF HUMAN SERVICES.]

Subdivision 1. [COMMISSIONER OF HUMAN SERVICES.] All powers and duties imposed on the commissioner of public safety relating to the children's trust fund for the prevention of child abuse under Minnesota Statutes, sections 299A.20 to 299A.27 are transferred to and imposed on the commissioner of human services.

Subd. 2. [TRANSFER OF POWER.] The provisions of Minnesota Statutes, section 15.039, apply to the transfer of power and duties of the commissioner of public safety imposed by Minnesota Statutes, sections 299A.20 to 299A.27 to the commissioner of human services.

Subd. 3. [ADVISORY COUNCIL.] On transfer of powers and duties to the commissioner of human services, the members of the advisory board established under Minnesota Statutes, section 299A.23, subdivision 2, shall continue to serve the remainder of their terms. Upon completion of their terms, the new appointing authority may appoint successors as provided by law.

Sec. 11. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall renumber each section of Minnesota Statutes specified in column A with the number set forth in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A	Column B
299A.20	257.80
299A.21	257.801
299A.22	257.802
299A.23	257.803
299A.24	257.804
299A.25	257.805
299A.26	257.806
299A.27	257.807

ARTICLE 9

HOUSING

Section 1. Minnesota Statutes 1990, section 268.39, is amended to read:

268.39 [LIFE SKILLS AND EMPLOYMENT GRANTS.]

The commissioner may provide grants to organizations for the development and administration of life skills and employment plans for homeless individuals that reside in residential units constructed or rehabilitated under section 462A.05, subdivision ~~29~~ 20. Grants awarded under this section may also be used for the management of these residential units. The organizations that receive grants under this section must coordinate their efforts with organizations that receive grants under section 462A.05, subdivision ~~29~~ 20.

A life skills and employment plan must be developed for each tenant residing in a dwelling that receives funding under section 462A.05, subdivision ~~29~~ 20. The plan may include preapprentice and apprenticeship training in the area of housing rehabilitation. If preapprentice and apprenticeship training is part of a plan, the organization must consult with labor organizations experienced in working with apprenticeship programs. The completion or compliance with the individual life skills and employment plan must be required for a tenant to remain in a unit constructed or rehabilitated under section 462A.05, subdivision ~~29~~ 20.

The application for a grant under this section must include a plan that must provide for:

(1) training for tenants in areas such as cleaning and maintenance, payment of rent, and roommate skills, and

(2) tenant selection and rental policies that ensure rental of units to people who are homeless if applicable.

The applicant must provide a proposed occupancy contract if applicable, the name and address of the rental agent if applicable, and other information the commissioner considers necessary with the application.

The commissioner may adopt permanent rules to administer this grant program.

Sec. 2. Minnesota Statutes 1990, section 462A.03, subdivision 10, is amended to read:

Subd. 10. "Persons and families of low and moderate income" means persons and families, irrespective of race, creed, national origin ~~or~~, sex, or status with respect to guardianship or conservatorship, determined by the agency to require such assistance as is made available by sections 462A.01 to 462A.24 on account of personal or family income not sufficient to afford adequate housing. In making such determination the agency shall take into account the following: (a) The amount of the total income of such persons and

families available for housing needs, (b) the size of the family, (c) the cost and condition of housing facilities available, (d) the eligibility of such persons and families to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing sanitary, decent and safe housing. In the case of federally subsidized mortgages with respect to which income limits have been established by any agency of the federal government having jurisdiction thereover for the purpose of defining eligibility of low and moderate income families, the limits so established shall govern under the provision of sections 462A.01 to 462A.24. In all other cases income limits for the purpose of defining low or moderate income persons shall be established by the agency by emergency or permanent rules.

Sec. 3. Minnesota Statutes 1990, section 462A.03, subdivision 13, is amended to read:

Subd. 13. "Eligible mortgagor" means a nonprofit or cooperative housing corporation, the department of administration for the purpose of developing community-based programs as defined in sections 252.50 and 253.28, limited profit entity or a builder as defined by the agency in its rules, which sponsors or constructs residential housing as defined in subdivision 7, or a natural person of low or moderate income, except that the return to a limited dividend entity shall not exceed ten percent of the capital contribution of the investors or such lesser percentage as the agency shall establish in its rules; provided that residual receipts funds of a limited dividend entity may be used for agency-approved, housing-related investments owned by the limited dividend entity without regard to the limitation on returns. Owners of existing residential housing occupied by renters shall be eligible for rehabilitation loans, only if, as a condition to the issuance of the loan, the owner agrees to conditions established by the agency in its rules relating to rental or other matters that will insure that the housing will be occupied by persons and families of low or moderate income. The agency shall require by rules that the owner give preference to those persons of low or moderate income who occupied the residential housing at the time of application for the loan.

Sec. 4. Minnesota Statutes 1990, section 462A.03, subdivision 16, is amended to read:

Subd. 16. "Mentally ill person" ~~shall have the meaning prescribed by section 253B.02, subdivision 13~~ means a person with a mental illness, an adult with an acute mental illness, or a person with a serious and persistent mental illness, as prescribed by section 245.462, subdivision 20.

Sec. 5. Minnesota Statutes 1990, section 462A.05, subdivision 14, is amended to read:

Subd. 14. [REHABILITATION LOANS.] It may agree to purchase, make, or otherwise participate in the making, and may enter into commitments for the purchase, making, or participation in the making, of eligible loans for rehabilitation to persons and families of low and moderate income, and to owners of existing residential housing for occupancy by such persons and families, for the rehabilitation of existing residential housing owned by them. The loans may be insured or uninsured and may be made with security, or may be unsecured, as the agency deems advisable. The loans may be in addition to or in combination with long-term eligible mortgage loans under subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if refinancing is determined by the agency to be necessary to permit the owner to meet the owner's housing cost without expending an unreasonable portion of the owner's income thereon. No loan for rehabilitation shall be made unless the agency determines that the loan will be used primarily to make the housing more desirable to live in, to increase the market value of the housing, for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation related improvements. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering the provisions of this chapter, establish codes and standards. Except for accessibility improvements under subdivision 14d, no loan for rehabilitation of any property shall be made in an amount which, with all other existing indebtedness secured by the property, would exceed its market value, as determined by the agency. No loan under this subdivision shall be denied solely because the loan will not be used for placing the residential housing in full compliance with all state, county, or municipal building, housing maintenance, fire, health, or similar codes and standards applicable to housing. Rehabilitation loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions.

Sec. 6. Minnesota Statutes 1990, section 462A.05, is amended by adding a subdivision to read:

Subd. 14d. [ACCESSIBILITY LOAN PROGRAM.] Rehabilitation loans authorized under subdivision 14 may be made to eligible persons and families whose income does not exceed the maximum income limits allowable under section 143(f) of the Internal Revenue Code of 1986, as amended through June 30, 1991.

A person or family is eligible to receive an accessibility loan under the following conditions:

(1) the borrower or a member of the borrower's family requires a level of care provided in a hospital, skilled nursing facility, or

intermediate care facility for persons with mental retardation or related conditions;

(2) home care is appropriate; and

(3) the improvement will enable the borrower or a member of the borrower's family to reside in the housing.

Sec. 7. Minnesota Statutes 1990, section 462A.05, subdivision 20, is amended to read:

Subd. 20. [SPECIAL NEEDS HOUSING FOR HOMELESS PERSONS.] (a) The agency may make loans or grants to ~~for profit, limited dividend, or nonprofit sponsors, as defined by the agency,~~ eligible mortgagors for the acquisition, rehabilitation, and construction of residential housing to be used ~~to provide~~ for the following purposes:

(1) temporary or transitional housing ~~to low- and moderate-income~~ for low-income persons and families having an immediate need for temporary or transitional housing as a result of natural disaster, resettlement, condemnation, displacement, lack of habitable housing, or other cause as defined by the agency. Loans or grants for residential housing for migrant farmworkers may be made under this paragraph. Residential housing for migrant farmworkers must contain cooking, sleeping, bathroom facilities, and hot and cold running water in the same structure;

(2) housing to be used by low-income persons living alone; and

(3) housing for homeless individuals and families.

(b) Housing under this subdivision must be for low-income families and individuals.

(c) Loans or grants ~~pursuant to~~ under this subdivision ~~shall~~ must not be used for residential care facilities ~~or~~, for facilities that provide housing available for occupancy on less than a 24-hour continuous basis, or for any residential housing that requires occupants to accept board as well as lodging. ~~To the extent possible, a sponsor shall combine the loan or grant with other funds obtained from public and private sources. In making loans or grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and the appropriate security should repayment be required.~~

(d) Loans or grants under this subdivision must not exceed 50 percent of the development costs. Donated property may be used to satisfy the match requirement.

(e) All occupants of permanent housing financed under this subdivision 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.

(f) Priority must be given to viable proposals with the total lowest cost per person served.

(g) The selection criteria for the program must include the following: the extent to which proposals use donated, leased, abandoned, or empty dwellings owned by a public entity or property being sold by the Resolution Trust Corporation or the Department of Housing and Urban Development; and the extent to which applicants consulted with advocates for the homeless, representatives from neighborhood groups, and representatives from labor organizations in preparing the proposal.

Sec. 8. Minnesota Statutes 1990, section 462A.05, is amended by adding a subdivision to read:

Subd. 20a. [SPECIAL NEEDS HOUSING FOR CHEMICALLY DEPENDENT ADULTS.] (a) The agency may make loans or grants to for-profit, limited-dividend, or nonprofit sponsors, as defined by the agency, for residential housing to be used to provide temporary or transitional housing to low- and moderate-income persons and families having an immediate need for temporary or transitional housing as a result of natural disaster, resettlement, condemnation, displacement, lack of habitable housing, or other cause defined by the agency.

(b) Loans or grants for housing for chronic chemically dependent adults may be made under this subdivision. Housing for chronic chemically dependent adults must satisfy the following conditions:

(1) be certified by the department of health or the city as a board and lodging facility or single residence occupancy housing;

(2) meet all applicable health, building, fire safety, and zoning requirements;

(3) be located in an area significantly distant from the present location of county detoxification service sites;

(4) make available the services of trained personnel to appraise each client before or upon admission and to provide information about medical, job training, and chemical dependency services as necessary;

(5) provide on-site security designed to assure the health and safety of clients, staff, and neighborhood residents; and

(6) operate with the guidance of a neighborhood-based board.

Priority for loans and grants made under this paragraph must be given to proposals that address the needs of the Native American population and veterans of military services for this type of housing.

(c) Loans or grants pursuant to this subdivision must not be used for facilities that provide housing available for occupancy on less than a 24-hour continuous basis. To the extent possible, a sponsor shall combine the loan or grant with other funds obtained from public and private sources. In making loans or grants, the agency shall determine the circumstances, terms, and conditions under which all or any portion of the loan or grant will be repaid and the appropriate security should repayment be required.

Sec. 9. Minnesota Statutes 1990, section 462A.08, subdivision 2, is amended to read:

Subd. 2. The agency from time to time may issue bonds or notes for the purpose of refunding any bonds or notes of the agency then outstanding, or, with the consent of the original issuer, any bonds or notes then outstanding issued by an issuer other than the agency for the purpose of making or purchasing loans for single family housing or multifamily housing developments, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the redemption date next succeeding the date of delivery of such refunding bonds or notes. The proceeds of any such refunding bonds or notes may, in the discretion of the agency, be applied to the purchase or payment at maturity of the bonds or notes to be refunded, or to the redemption of such outstanding bonds or notes on the redemption date next succeeding the date of delivery of such refunding bonds or notes and may, pending such application, be placed in escrow to be applied to such purchase, retirement, or redemption. Any such escrowed proceeds, pending such use, may be invested and reinvested in obligations issued or guaranteed by the state or the United States or by any agency or instrumentality thereof, or in certificates of deposit or time deposits secured in such manner as the agency shall determine, maturing at such time or times as shall be appropriate to assure the prompt payment of the principal of and interest and redemption premiums, if any, on the bonds or notes to be refunded. The income earned or realized on any such investment may also be applied to the payment of the bonds or notes to be refunded. After the terms of the escrow have been fully satisfied, any balance of such proceeds and investment income may be returned to the agency for use by it in any lawful manner. All refunding bonds or notes issued under the provisions of this subdivision shall be issued and secured in the manner provided by resolution of the agency. If bonds or notes are issued by the agency to refund bonds or notes issued by an issuer other than the agency, as authorized by this subdivision, the agency and said issuer may

enter into such agreements as they may deem appropriate to facilitate such transaction.

Sec. 10. [462A.205] [SHALLOW RENT SUBSIDY PROGRAM.]

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

(a) "Caretaker parent" means a parent, relative caretaker, or minor caretaker as defined by the aid to families with dependent children program, sections 256.72 to 256.87.

(b) "Gross family income" for a family or individual receiving rental assistance under this section means the gross amount of the wages, salaries, social security payments, pensions, workers' compensation, unemployment compensation, public assistance payments, alimony, child support, and income from assets received by the family or individual.

(c) "Local housing agency" means the agency of local government responsible for administering the Department of Housing and Urban Development's section 8 existing voucher and certificate program.

(d) "Self-sufficiency program" means a program operated under section 256.736 or 256D.051, an employability program administered by a community action agency, a job training program administered under the job training partnership act, or courses of study at an accredited institution of higher education pursued with at least half-time student status under an employment development plan approved by the institution.

Subd. 2. [ESTABLISHMENT.] The agency may establish a shallow rent subsidy program to provide direct rental assistance for housing for individuals or families with incomes up to 50 percent of the county or area income adjusted for family size. One-half of the money appropriated for this program must be used to provide rental housing subsidies for individuals or families with incomes not exceeding 30 percent of the area median income. In order to ensure the long-term affordability of housing, a percentage of the total funds appropriated for this section may be used in housing programs that provide a lease-purchase option for low-income individuals and families. The agency may contract with a local housing agency to administer the rent assistance under this section. The local housing agency must be paid an administrative fee. The administrative fee is equal to the greater of ten percent of the amount of the subsidy or $15 per unit per month. For families or individuals receiving public assistance, rent assistance under this section must be provided in the form of vendor payments. The program must offer two options: (1) a voucher option; and (2) a project-based voucher option. When providing project-based vouchers, the agency must give priority to a

project that has received public money for rehabilitation of the housing.

Subd. 3. [AMOUNT AND PAYMENT OF RENT ASSISTANCE.] (a) Within the limits of available appropriations, eligible families and individuals may receive monthly rent assistance for a 36-month period starting with the month the family or individual first receives rent assistance under this section. The amount of the family's or individual's portion of the rental payment is equal to at least 30 percent of gross income.

(b) The rent assistance must be paid by the local housing agency to the property owner.

(c) Subject to the limitations in paragraph (d), the amount of rent assistance is the difference between the rent and the family's or individual's copayment.

(d) In no case may (1) the amount of monthly rent assistance be more than $350; (2) the owner receive more rent for assisted units than for comparable unassisted units; or (3) the amount of monthly rent assistance be more than the difference between the family's or individual's copayment and the fair market rent for the unit as determined by the Department of Housing and Urban Development.

Subd. 4. [PROPERTY OWNER.] In order to receive rent assistance payments, the property owner must enter into a standard lease agreement with the tenant which includes a clause providing for good cause evictions only. Otherwise, the lease may be any standard lease agreement. The agency and local housing agencies must make model lease agreements available to participating families and property owners.

Subd. 5. [FAMILY STABILIZATION DEMONSTRATION PROJECT.] The agency, in consultation with the department of human services, may establish a rent assistance for family stabilization demonstration project within the shallow rent subsidy program. The purpose of the project is to provide rental assistance to families (1) receiving public assistance with a caretaker parent who is participating in a self-sufficiency program and at least one minor child, or (2) who at the time of initial eligibility for rental assistance under this section were receiving public assistance and had a caretaker parent participating in a self-sufficiency program and at least one minor child. For the purposes of this subdivision, public assistance means aid to families with dependent children, family general assistance, or family work readiness. The funds may be distributed on a request for proposal basis. The requirements specified under subdivisions 1 to 4 apply to the demonstration project.

Sec. 11. Minnesota Statutes 1990, section 462A.21, subdivision 4k, is amended to read:

Subd. 4k. [HOUSING DEVELOPMENT FUND.] The agency may make grants for residential housing for low-income persons under section 462A.05, subdivision ~~28~~ 20, and may pay the costs and expenses for the development and operation of the program.

Sec. 12. Minnesota Statutes 1990, section 462A.21, subdivision 12a, is amended to read:

Subd. 12a. [PROGRAM MONEY TRANSFER.] Grants authorized under section 462A.05, ~~subdivisions 20, 28, and 29~~ subdivision 20, may be made only with specific appropriations by the legislature, but unencumbered balances of money appropriated for the purpose of loans or grants for agency programs under these subdivisions may be transferred between programs created by these subdivisions or in accordance with section 462A.20, subdivision 3.

Sec. 13. Minnesota Statutes 1990, section 462A.21, subdivision 14, is amended to read:

Subd. 14. It may make housing grants for homeless individuals as provided in section 462A.05, subdivision ~~29~~ 20, and may pay the costs and expenses for the development and operation of the program.

Sec. 14. Minnesota Statutes 1990, section 462A.22, subdivision 9, is amended to read:

Subd. 9. [BIENNIAL REPORT.] The agency shall also submit a biennial report of its activities~~, projected activities,~~ and receipts, and ~~expenditures~~ a plan for the next biennium, to the governor and the legislature on or before ~~January~~ February 15 in each odd-numbered year. The report shall include the distribution of money under each agency program by county, except for counties containing a city of the first class, where the distribution shall be reported by municipality.

In addition, the report shall include the cost to the agency of the issuance of its bonds for each issue in the biennium, along with comparable information for other state housing finance agencies.

Sec. 15. Minnesota Statutes 1990, section 462A.222, subdivision 3, is amended to read:

Subd. 3. [ALLOCATION PROCEDURE.] (a) Projects will be awarded tax credits in three competitive rounds on an annual basis. The date for applications for each round must be determined by the

agency. No allocating agency may award tax credits prior to the application dates established by the agency.

(b) Each allocating agency must meet the requirements of section 42(m) of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the allocation of tax credits and the selection of projects.

(c) For applications submitted for the first round, an allocating agency may allocate tax credits only to the following types of projects:

(1) single-room occupancy projects which are affordable by households whose income does not exceed 30 percent of the median income;

(2) family housing projects in which at least 75 percent of the units contain two or more bedrooms and at least one-third of the 75 percent contain three or more bedrooms;

(3) projects in which ~~at least 50 percent~~ a percentage of the units are ~~for mentally ill, mentally retarded, drug dependent, developmentally disabled, or physically handicapped~~ set aside and rented to persons:

(i) with a serious and persistent mental illness as defined in section 245.462, subdivision 20, paragraph (c);

(ii) with a developmental disability as defined in United States Code, title 42, section 6001, paragraph (5), as amended through December 31, 1990;

(iii) who have been assessed as drug dependent persons as defined in section 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in section 254A.02, subdivision 2;

(iv) with a brain injury as defined in section 256B.093, subdivision 4, paragraph (a); or

(v) with physical disabilities if at least 50 percent of the units are accessible as provided under Minnesota Rules, chapter 1340;

(4) projects which preserve existing subsidized housing which is subject to prepayment if the use of tax credits is necessary to prevent conversion to market rate use; or

(5) projects financed by the Farmers Home Administration which meet statewide distribution goals.

(d) Before the date for applications for the second round, the allocating agencies other than the agency shall return all uncommitted and unallocated tax credits to the pool from which they were allocated, along with copies of any allocation or commitment. In the second round, the agency shall allocate the remaining credits from the regional pools to projects from the respective regions.

(e) In the third round, all unallocated tax credits must be transferred to a unified pool for allocation by the agency on a statewide basis.

(f) Unused portions of the state ceiling for low-income housing tax credits reserved to cities and counties for allocation may be returned at any time to the agency for allocation.

Sec. 16. Minnesota Statutes 1990, section 474A.048, subdivision 2, is amended to read:

Subd. 2. [LIMITATION; ORIGINATION PERIOD.] During the first ten months of an origination period, the Minnesota housing finance agency or a city may make loans financed with proceeds of mortgage bonds for the purchase of existing housing. Loans financed with the proceeds of mortgage bonds for new housing in the metropolitan area may be made during the first ten months of an origination period only if at least one of the following conditions is met:

(1) the new housing is located in a redevelopment area and is replacing a structurally substandard structure or structures;

(2) the new housing is located on a parcel purchased by the city or conveyed to the city under section 282.01, subdivision 1; ~~or~~

(3) the new housing is part of a housing affordability initiative, other than those financed with the proceeds from the sale of bonds, in which federal, state, or local assistance is used to substantially improve the terms of the financing or to substantially write down the purchase price of the new housing~~.~~; or

(4) the new housing is accessible housing and the borrower or a member of the borrower's family is a person with a disability. For the purposes of this clause, "accessible housing" means a dwelling unit with the modifications necessary to enable a person with a disability to function in a residential setting. "A person with a disability" means a person who has a permanent physical condition which is not correctable and which substantially reduces the person's ability to function in a residential setting. A person with a physical condition which does not require the use of a device to increase mobility must be deemed a person with a disability upon written certification of a licensed physician that the physical

condition substantially limits the person's ability to function in a residential setting.

Upon expiration of the first ten-month period, the agency or a city may make loans financed with the proceeds of mortgage bonds for the purchase of new and existing housing.

Sec. 17. Laws 1987, chapter 404, section 28, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	$9,526,700	$9,526,700

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 home sharing programs 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 home ownership, home improvement, and multifamily bond leveraging interest rate write-downs under Minnesota Statutes, sections 462A.21, subdivisions 4b and 8a.

$1,885,000 the first year and $1,885,000 the second year are for tribal Indian housing programs under Minnesota Statutes, section 462A.07, subdivision 14, of which $125,000 the first year and $125,000 the second year are for either a demonstration program to make off-reservation loans in combination with bond proceeds from the

agency or other mortgage financing approved by the agency, or a home improvement loan program approved by the agency. Home improvement loans under Minnesota Statutes, section 462A.07, subdivision 14, may be made without regard to household income.

$235,000 the first year and $235,000 the second year are for urban Indian housing programs under Minnesota Statutes, section 462A.07, subdivision 15, to be distributed by the agency without regard to any allocation formula.

$3,716,700 the first year and $3,716,700 the second year are for housing rehabilitation and accessibility loans under Minnesota Statutes, sections 462A.05, subdivisions 14a and 15a.

$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 this program out of this appropriation.

$75,000 the first year and $75,000 the second year are for temporary housing programs under Minnesota Statutes, section 462A.05, subdivision 20.

Sec. 18. Laws 1989, chapter 335, article 1, section 27, subdivision 1, as amended by Laws 1990, chapter 429, section 9, is amended to read:

Subdivision 1. Total Appropriation	12,583,000	12,584,000

Approved Complement – 134

Spending limit on cost of general administration of agency programs:

1990	1991
$7,130,000	$7,560,000

This appropriation is for transfer to the housing development fund for the programs specified.

$225,000 the first year and $225,000 the second year are for housing programs for the elderly under Minnesota Statutes, section 462A.05, subdivision 24.

$2,115,000 the first year and $2,115,000 the second year are for home ownership assistance under Minnesota Statutes, section 462A.21, subdivision 8.

$1,887,000 the first year and $1,887,000 the second year are for tribal Indian housing programs under Minnesota Statutes, section 462A.07, subdivision 14, of which $125,000 the first year and $125,000 the second year are for either a demonstration program to make off-reservation loans in combination with bond proceeds from the agency or other mortgage financing approved by the agency, or a home improvement loan program approved by the agency. Home improvement loans under Minnesota Statutes, section 462A.07, subdivision 14, may be made without regard to household income.

$233,000 the first year and $233,000 the second year are for urban Indian housing programs under Minnesota Statutes, section 462A.07, subdivision 15, to be distributed by the agency without regard to any allocation formula.

$4,842,000 the first year and $4,842,000 the second year are for housing rehabilitation and accessibility loans under Minnesota Statutes, section 462A.05, subdivisions 14a and 15a.

$569,000 the first year and $569,000 the second year are for temporary hous-

ing programs under Minnesota Statutes, sections 462A.05, subdivision 20; and 462A.21.

Notwithstanding any law to the contrary, in the event that the housing finance agency assumes servicing responsibility for its home improvement loans, energy loans, and rehabilitation loans, the agency may apply for an increase in its complement and administrative cost ceiling through the regular legislative advisory commission process.

Sec. 19. [REPEALER.]

Minnesota Statutes 1990, section 462A.05, subdivisions 28 and 29, are repealed.

Sec. 20. [EFFECTIVE DATE.]

Sections 8 and 10 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 human services, jobs and training, corrections, health, human rights, housing finance, and other purposes with certain conditions; amending Minnesota Statutes 1990, sections 3.922, subdivisions 3 and 8; 3.9223, subdivision 1; 3.9225, subdivision 1; 3.9226, subdivision 1; 15.46; 43A.191, subdivision 2; 103I.235; 120.183; 144.335, subdivision 1; 144A.071, by adding a subdivision; 144A.31; 144A.46, subdivision 4; 144A.51, subdivision 5; 144A.53, subdivision 1; 145.925, by adding a subdivision; 148B.01, subdivision 7; 148B.03; 148B.04, subdivision 4; 148B.05, subdivision 1; 148B.06, subdivisions 1 and 3; 148B.07, subdivisions 1, 4, 7, and 8; 148B.08; 148B.12; 148B.17; 148B.18, subdivision 10; 148B.33, subdivision 1; 148B.38, subdivision 3; 157.031, subdivisions 2, 3, 4, and 9; 171.29, subdivision 2; 198.007; 214.04, subdivision 3; 241.022; 245.461, subdivision 3, and by adding a subdivision; 245.462, subdivisions 6 and 18; 245.4711, by adding a subdivision; 245.472, by adding a subdivision; 245.473, by adding subdivisions; 245.484; 245.487, subdivision 4, and by adding a subdivision; 245.4871, subdivisions 27, 31, and by adding a subdivision; 245.4873, subdivision 6; 245.4874; 245.4881, subdivision 1; 245.4882, by adding subdivisions; 245.4884, subdivision 1; 245.4885, subdivisions 1, 2, and by adding a subdivision; 245.697, subdivision 1; 246.18, subdivision 4, and by adding a subdivision; 246.64, subdivision 3; 252.27, subdivisions 1a and 2a; 252.275;

252.28, subdivisions 1, 3, and by adding a subdivision; 252.32; 252.40; 252.46, subdivisions 3, 6, 12, 14, and by adding a subdivision; 252.478, subdivisions 1 and 3; 252.50, subdivision 2; 253C.01, subdivisions 1 and 2; 254B.04, subdivision 1; 256.01, subdivisions 2, 11, and by adding a subdivision; 256.025, subdivisions 1, 2, 3, and 4; 256.031; 256.032; 256.033; 256.034; 256.035; 256.036, subdivisions 1, 2, 4, and 5; 256.045, subdivision 10; 256.482, subdivision 1; 256.736, subdivision 3a; 256.82, subdivision 1; 256.871, subdivision 6; 256.935, subdivision 1; 256.936, by adding a subdivision; 256.9365, subdivisions 1 and 3; 256.9685, subdivision 1; 256.9686, subdivisions 1 and 6; 256.969, subdivisions 1, 2, 2c, 3a, and 6a; 256.9695, subdivision 1; 256.98, by adding a subdivision; 256.983; 256B.031, subdivision 4, and by adding a subdivision; 256B.04, subdivision 16; 256B.055, subdivisions 10 and 12; 256B.057, subdivisions 1, 2, 3, 4, and by adding a subdivision; 256B.0575; 256B.0625, subdivisions 2, 4, 7, 13, 17, 19, 20, 24, 25, 28, 30, and by adding subdivisions; 256B.0627; 256B.064, subdivision 2; 256B.0641, by adding a subdivision; 256B.08, by adding a subdivision; 256B.091, subdivision 8; 256B.092; 256B.093; 256B.19, subdivision 1, and by adding subdivisions; 256B.431, subdivisions 2l, 3e, 3f, and by adding subdivisions; 256B.48, subdivision 1; 256B.49, by adding a subdivision; 256B.50, subdivision 1d; 256B.501, subdivisions 3g, 8, and 11; 256B.64; 256C.24, subdivision 2; 256C.25; 256D.03, subdivisions 2, 2a, 3, and 4; 256D.05, subdivision 6, and by adding a subdivision; 256D.051, subdivision 1; 256D.06, subdivision 1b; 256D.36, subdivision 1; 256D.44, by adding a subdivision; 256F.01; 256F.02; 256F.03, subdivision 5; 256F.04; 256F.05; 256F.06; 256F.07, subdivisions 1, 2, and 3; 256H.02; 256H.03; 256H.05; 256H.08; 256H.09, by adding a subdivision; 256H.15, subdivisions 1, 2, and by adding a subdivision; 256H.18; 256H.20, subdivision 3a; 256H.21, subdivision 10; 256H.22, subdivisions 2, 6, and by adding a subdivision; 256I.04, by adding a subdivision; 256I.05, subdivision 2, and by adding subdivisions; 257.071, subdivision 1a; 257.352, subdivision 2; 257.57, subdivision 2; 268.022, subdivision 2; 268.39; 268.914; 268.975, subdivision 3, and by adding a subdivision; 268.977; 268.98; 268A.08, subdivision 2; 268A.09, subdivision 2; 270A.04, subdivision 2; 270A.08, subdivision 2; 273.1398, subdivision 1; 299A.21, subdivision 6; 299A.23, subdivision 2; 299A.27; 393.07, subdivisions 10 and 10a; 401.10; 401.13; 462A.02, subdivision 13; 462A.03, subdivisions 10, 13, and 16; 462A.05, subdivisions 14, 20, and by adding subdivisions; 462A.08, subdivision 2; 462A.21, subdivisions 4k, 12a, and 14; 462A.22, subdivision 9; 462A.222, subdivision 3; 474A.048, subdivision 2; 518.551, subdivision 5, and by adding subdivisions; 518.64; 609.52, by adding a subdivision; Laws 1987, chapter 404, section 28, subdivision 1; Laws 1988, chapter 689, article 2, section 256, subdivision 1; and Laws 1989, chapter 335, article 1, section 27, subdivision 1, as amended; proposing coding for new law in Minnesota Statutes, chapters 16B; 144; 145; 148B; 241; 245; 252; 256; 256B; 256F; 256H; 257; 268A; and 462A; proposing coding for new law as Minnesota Statutes, chapter 144B; repealing Minnesota Statutes 1990, sections 144A.31, subdivisions 2 and 3; 148B.01, subdivisions 2, 5, and 6; 148B.02;

148B.16; 148B.171; 148B.40; 148B.41; 148B.42; 148B.43; 148B.44; 148B.45; 148B.46; 148B.47; 148B.48; 157.031, subdivision 5; 245.476, subdivisions 1, 2, and 3; 252.275, subdivision 2; 256.032, subdivisions 5 and 9; 256.035, subdivisions 6 and 7; 256.036, subdivision 10; 256B.0625, subdivisions 6 and 19; 256B.0627, subdivision 3; 256B.091; 256B.431, subdivision 6; 256B.69, subdivision 8; 256B.71, subdivision 5; 256D.051, subdivision 16; 256H.26; 462A.05, subdivisions 28 and 29; and Laws 1990, chapter 568, article 6, section 4."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 1631, A bill for an act relating to education; authorizing the treasurer to issue commemorative medallions and particularly, a "SUPER BOWL XXVI" medallion; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

STATE DEPARTMENTS

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 "1991," "1992," and "1993," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1991, June 30, 1992, or June 30, 1993, respectively.

SUMMARY BY FUND

1991	1992	1993	TOTAL
General			
$486,000	$380,924,900	$356,806,200	$737,731,100
Environmental			
	261,000	260,000	521,000
Highway User			
	1,720,000	1,715,000	3,435,000
Metro Landfill Contingency			
	46,000	46,000	92,000
Special Revenue			
	1,676,000	1,671,000	3,347,000
Trunk Highway			
	761,000	754,000	1,515,000
Workers' Comp.			
	4,842,000	5,080,000	9,922,000
TOTAL			
	390,230,900	366,332,200	756,563,100

	APPROPRIATIONS Available for the Year Ending June 30	
	1992	1993
Sec. 2. LEGISLATURE		
Subdivision 1. Total Appropriation	47,950,700	49,362,700
Summary by Fund		
General	47,918,700	49,330,700
Trunk Highway	32,000	32,000
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.		
Subd. 2. Senate	15,864,000	15,864,000
Subd. 3. House of Representatives	21,318,000	22,482,000
Subd. 4. Legislative Coordinating Commission	6,889,700	7,144,700
Summary by Fund		
General	6,857,700	7,112,700
Trunk Highway	32,000	32,000

(a) Legislative Reference Library

1992	1993
880,200	880,400

(b) Revisor of Statutes

3,931,200	4,162,100

The revisor shall study the relative costs and benefits of using Times Roman or another typeface for documents produced through the revisor's computer system. The study shall include consideration of readability, potential savings on equipment costs, and reduction of paper use. The revisor shall submit the report to the senate finance and house appropriations committees by January 1, 1992.

(c) Legislative Commission on the Economic Status of Women

166,400	163,800

(d) Legislative Commission on Employee Relations

108,600	108,700

The legislative commission on employee relations shall conduct a study of management and supervisory functions in all executive branch state agencies and boards, including the state university, technical colleges, and community college system. The commission shall report the results of the study to the legislature by February 1, 1992.

(e) Great Lakes Commission

43,000	44,900

(f) Legislative Commission on Pensions and Retirement

305,100	320,300

(g) Legislative Commission on Planning and Fiscal Policy

400,000	400,000

(h) Legislative Commission to Review Administrative Rules

139,400 133,400

(i) Legislative Commission on Waste Management

148,400 148,400

(j) Legislative Water Commission

100,900 99,100

(k) Mississippi River Parkway Commission

32,200 32,200

This appropriation is from the trunk highway fund.

(l) Legislative Coordinating Commission – General Support

584,500 601,600

$86,100 the first year and $86,100 the second year are appropriated to fund joint house and senate subcommittee or task force projects. Projects funded from this appropriation must involve both the house and senate, be temporary in nature, and focus on key policy issues facing the legislature. The legislative coordinating commission shall develop a project selection process for this appropriation.

$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.

$87,300 the first year and $91,600 the second year are for the state contribution to the National Conference of State Legislatures.

$73,100 the first year and $83,000 the second year are for the state contribution to the Council of State Governments.

Subd. 5. Legislative Audit Commission 3,839,000 3,832,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Legislative Audit Commission

15,000 15,000

(b) Legislative Auditor

3,824,000 3,817,000

Sec. 3. SUPREME COURT

Subdivision 1. Total Appropriation 16,051,000 15,879,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Supreme Court Operations

3,808,000 3,714,000

$2,100 the first year and $2,200 the second year are for a contingent account for expenses necessary for the normal operation of the court for which no other reimbursement is provided.

The compensation council recommendations for judicial salary increases in fiscal years 1992 and 1993 are not funded.

The conference of chief judges shall study the current functions performed by law clerks and shall conduct a cost benefit analysis of the position on or

before January 1, 1992. The study shall consider the cost benefit of the assignment of nonlegal duties currently performed by law clerks to other court personnel and the development of permanent legal research units within a judicial district. The study shall consider the distribution of and the number of district court law clerks for district court judges and referees.

Pursuant to Minnesota Statutes, section 480.181, the supreme court, in consultation with the conference of chief judges and representatives of official court reporters, shall develop criteria for the tenure of official court reporters under the judicial branch personnel rules. The criteria shall be included in a study on shared or pooled use of district court reporters which shall be conducted by the conference of chief judges by January 1, 1993.

The supreme court shall study and report to the legislature by February 1, 1992, the costs of transferring to the state the costs of the court administration offices and guardian ad litem programs statewide and shall develop a detailed budget for those costs.

Subd. 3. Supreme Court Civil Surcharge and Family Farm Legal Assistance

2,114,000 2,114,000

This appropriation is for family farm and legal service to low-income clients. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 4. Family Law Legal Services

890,000 890,000

This appropriation is for family law legal services. Any unencumbered balance remaining in the first year does

not cancel but is available for the second year of the biennium.

Subd. 5. State Court Administration

7,576,000 7,491,000

The state court administrator shall establish a pilot project to study the feasibility of providing public and private users computer access to court records through TCIS (Total Court Information System) at no net cost to the court. The state court administrator shall identify the demand for the service, the fees necessary to provide the service at no net cost to the court, the staff, and the hardware resources necessary to support this expanded use of the TCIS, and report to the legislature by February 1, 1992. The state court administrator may charge participants in the pilot project a reasonable user fee. The fees shall be deposited in the general fund.

Subd. 6. Law Library Operations

1,663,000 1,670,000

Sec. 4. COURT OF APPEALS 5,445,000 5,446,000

The compensation council recommendations for judicial salary increases in fiscal years 1992 and 1993 are not funded.

Sec. 5. DISTRICT COURTS

Subdivision 1. Total Appropriation 43,450,000 55,714,000

For the second year appropriation, $3,366,000 is appropriated for jury costs for the district courts if a law is enacted providing for a homestead agricultural and credit assistance offset in the same amount.

The compensation council recommendations for judicial salary increases in fiscal years 1992 and 1993 are not funded.

This appropriation includes one new law clerk position in the first judicial district and one new law clerk position in the tenth judicial district.

$70,000 is for the Dakota county board to establish a pilot diversion program for juveniles who are alleged to have committed controlled substance offenses. This sum is available until June 30, 1993.

Sec. 6. BOARD OF JUDICIAL STANDARDS	171,000	171,000

Approved Complement – 2

Sec. 7. BOARD OF PUBLIC DEFENSE		
Subdivision 1. Total Appropriation	18,539,500	17,562,500

Approved Complement – 42

None of this appropriation shall be used to pay for lawsuits against public agencies or public officials to change social or public policy.

The amounts that may be spent from this appropriation for each program are specified in this subdivision and the following subdivisions.

For the second year appropriation, $2,750,000 is appropriated for juvenile and misdemeanor services in the 3rd and 6th districts if a law is enacted providing for a homestead agricultural and credit assistance offset in the same amount.

Subd. 2. State Public Defender	3,063,000	3,207,000

During the biennium, legal assistance to Minnesota prisoners shall serve the civil legal needs of persons confined to state institutions.

Subd. 3. Board of Public Defense	1,189,000	1,305,000
Subd. 4. District Public Defense	14,287,500	13,050,500
Sec. 8. TAX COURT	601,000	532,800

Approved Complement – 6

Sec. 9. WORKERS' COMPENSATION COURT OF APPEALS	1,284,000	1,363,000

Approved Complement – 22

This appropriation is from the workers' compensation special compensation fund.

Sec. 10. GOVERNOR AND LIEUTENANT GOVERNOR	2,923,000	2,916,000

This appropriation is to fund the offices of the governor and lieutenant governor.

$20,000 the first year and $20,000 the second year are for personal expenses connected with the office of the governor.

$99,000 the first year and $103,000 the second year are for membership dues of the National Governors Association.

Sec. 11. STATE AUDITOR	6,720,000	7,029,000

Approved Complement – 124

$77,000 the first year and $77,000 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.

$217,000 the first year and $217,000 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 reimburse the general fund for the services of the government information division and the parts of the constitutional office that are related to the government information function.

$71,000 the first year and $71,000 the second year must be subtracted from the total police and fire state aid otherwise payable to police and firefighters' relief associations under Minnesota Statutes, sections 69.011 to 69.051, for the costs and expenses incurred by the state auditor in making a review of the audits and examinations of relief associations. The amount subtracted shall be divided proportionally according to the estimated costs of the audits or examinations of the police and firefighters' relief associations as determined by the state auditor.

Two new staff positions and one data entry position in the office of the state auditor that are required by increased research and analysis duties shall be funded through increased audit and other fees to local units of government.

Sec. 12. STATE TREASURER	1,191,000	1,363,000

Approved Complement – 12

Up to $500,000 for the first year is for a negotiated proposal process for the acquisition of a new information system pursuant to procedures established by the commissioner of administration in accordance with the provisions of Minnesota Statutes, section 16B.08, subdivision 4, paragraph (b). In the event the cost of the treasurer's new information system exceeds the amount appropriated from the general fund, the difference is appropriated from the Intertech internal services fund. The state treasurer is authorized to acquire a new information system by purchase, lease-purchase, lease, or any other method consistent with procedures established by the commissioner of finance.

Sec. 13. ATTORNEY GENERAL

Subdivision 1. Total Appropriation	21,506,200	21,343,200

Approved Complement –	371
General –	327
Special Revenue –	32
Federal –	12

Summary by Fund

General	20,080,200	19,922,200
Special Revenue	1,426,000	1,421,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Government Services

4,196,000	4,197,000

Subd. 3. Public Resources

2,957,000	2,809,000

Subd. 4. Human Resources

1,553,000	1,552,000

Subd. 5. Law Enforcement

4,215,200	4,211,200

Subd. 6. Legal Policy and Administration

2,749,000	2,745,000

All records of the office of the attorney general relating to the 1837 Treaty issue shall be transferred to the state archives upon resolution of the issue. The provisions of Minnesota Statutes, sections 138.161 to 138.25, apply to this transfer.

Money appropriated to the attorney general for treaty litigation is available in either year.

The attorney general shall increase fees charged to agencies to cover criminal investigations and prosecutions of

violations of state environmental laws. The fees collected from agencies are appropriated to the attorney general's office. The cost of these investigations shall be certified for payment by the relevant agencies from the environmental fund.

Money allocated to rent and commercial expenses of the Duluth office of the attorney general shall be reallocated for toll-free telephone and fax service.

The attorney general shall submit a report to the senate finance and house appropriations committees by January 1, 1992, on the relationship between increased OSHA assessments and the increase in positions in the office of the attorney general.

Additions to dedicated or federal complement are approved subject to sufficient appropriations to the attorney general or clients of the attorney general. Additions must be reported to the chairs of the house appropriations committee and the senate finance committee on July 1, 1991, and July 1, 1992.

Subd. 7. Business Regulation

	4,337,000	4,330,000

Summary by Fund

General	2,911,000	2,909,000
Special	1,426,000	1,421,000

Subd. 8. Solicitor General

	1,499,000	1,499,000

Sec. 14. INVESTMENT BOARD	1,912,000	2,006,000

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. 15. ADMINISTRATIVE HEARINGS 3,458,000 3,617,000

Approved Complement – 78
Revolving – 26
Workers' Compensation – 52

This appropriation is from the workers' compensation special compensation fund for considering workers' compensation claims.

Sec. 16. ADMINISTRATION

Subdivision 1. Total Appropriation 42,903,500 23,220,000

Approved Complement – 876
General – 241
Gift – 1
Revolving – 610
Special Revenue – 24

Subd. 2. Operations Management

4,617,000 4,661,000

Subd. 3. Intertechnologies Group

$6,794,000 $1,271,000

$5,200,000 is loaned from the general fund to the STARS revolving fund. Of this amount, $2,700,000 will be repaid before the end of the biennium from contributed capital existing in department of administration revolving funds. Notwithstanding any law to the contrary, the commissioner of administration shall have authority to transfer contributed capital between department of administration revolving funds. The remaining $2,500,000 is to be repaid in six years.

$150,000 the first year is for the commissioner of the department of administration and the STARS staff to conduct a study to develop models for the use of STARS telecommunications regions under joint powers or other agreements. The models shall be used to:

(1) coordinate development of applications or programs that combine the needs of education, state and local governments, or other public sector users of STARS services;

(2) determine the local telecommunications approaches that work best to distribute applications or programs transported by STARS within the region; and

(3) identify needs for shared video facilities and develop agreements and ways to prioritize or schedule their use equitably.

The study shall focus on current and future telecommunications needs that result from joint activities of STARS customers in the two telecommunications regions that will be served by STARS from Duluth and Rochester and shall describe pilot projects that could be used to validate the study findings.

The study shall be submitted to the appropriate committees of the legislature by December 31, 1991.

$201,100 the first year and $205,800 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 intergovernmental information systems activity.

Subd. 4. Property Management

22,375,500 8,349,000

$175,000 the first year and $175,000 the second year from the program's total appropriation are for capitol area repairs and replacements. Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

$3,825,000 the first year and $3,884,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

For capital budget requests in the capitol area as defined in Minnesota Statutes, section 15.50, subdivision 2, paragraph (a), the commissioner of administration shall consult with the capitol area architectural and planning board regarding building sites and design standards.

The department of administration shall discontinue food service management in the state office building for the biennium ending June 30, 1993. Food service shall be managed by the house rules committee as a pilot project for the biennium.

The department of administration in consultation with the capitol area architectural and planning board shall study the historic renovation and potential reuse of the Dahl house and report to the senate finance and house appropriations committees by February 1, 1992.

$13,780,500 the first year is for costs relating to agency relocation, consolidation, and colocation.

By June 30, 1992, the department of administration shall relocate the state printing operation from the Ford building to a more suitable location outside the capitol complex and shall relocate and consolidate the offices of the attorney general in the Ford building. The Ford building shall be remodeled as office space. Effective June 30, 1992, if agreed to by Muriel Humphrey Brown, the Ford building shall be renamed the Muriel Humphrey law building in honor of the first woman to serve as a United States Senator from Minnesota. After the attorney general is relocated

to the Ford building, office space within the capitol building that is currently used by the attorney general shall be allocated to the governor. By December 31, 1991, the department of administration shall relocate the office of the state auditor to a location within the capitol complex.

$350,000 the first year is for developing a framework for an integrated infrastructure management system including the establishment of a database of building classification standards. The commissioner of administration shall report by January 1, 1992, on the time and cost of continuing the program for fiscal year 1993.

Subd. 5. Administrative Management

6,845,000 6,641,000

$4,000 the first year and $4,000 the second year are for the state employees' band.

$240,000 the first year and $240,000 the second year are for block grants to public television stations.

$783,049 the first year and $783,049 the second year are for matching grants to public television stations.

$1,000,000 the first year and $1,000,000 the second year are for public television equipment needs. Equipment grant allocations shall be made after considering the recommendations of the Minnesota Public Television Association.

$291,000 the first year and $291,000 the second year are for operational grants to public educational radio stations, which must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 129D.14.

$181,815 the first year and $181,815 the second year are for public educational radio stations, which must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations for equipment needs.

$180,000 the first year is for equipment grants to affiliate stations of Minnesota Public Radio, Incorporated. Equipment grant allocations must be made after consideration of the recommendations of Minnesota Public Radio, Incorporated.

The various funds disbursed pursuant to public broadcasting appropriations shall be secured by a lien on the physical assets purchased by the funds and these amounts shall be debts repayable to the state without interest, at such time as the units of public broadcasting using these assets are sold to any person other than a public body. Public broadcasting entities receiving state funds shall report to the legislature biennially the location and current usage of the assets purchased with state money.

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.

Subd. 6. Information Policy Office

1,686,000 1,704,000

Subd. 7. Management Analysis

586,000 594,000

Sec. 17. SLAM-DUNK COMMISSION 400,000 (11,350,000)

$400,000 is appropriated to the commissioner of administration for the purpose of matching dollar for dollar with private funds for the cost of a

commission to be called state leadership and management developing and utilizing new knowledge, to be known as the SLAM-DUNK commission. This appropriation is available for the biennium ending June 30, 1993. It is anticipated that the SLAM-DUNK commission will identify $11,350,000 in immediate general fund cost savings through improving state government efficiency and effectiveness. The commission shall recommend long term actions for improving state government efficiency. This appropriation may be enhanced by nonstate contributions with funds collected and spent from the state expendable trust gift fund. In-kind contributions will be encouraged.

Sec. 18. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD 236,000 236,000

Approved Complement – 5

Any unencumbered balance of the appropriation for the first year does not cancel and is available for use in the second year.

Sec. 19. STATE PLANNING AGENCY 9,928,000 3,119,000

	1992	1993
Approved Complement –	115	60
General –	85	30
Revolving –	22	22
Federal –	8	8

The commissioner of the state planning agency in cooperation with the commissioners of finance and administration, shall study and make recommendations on creation of an agency that would combine long-range planning, program evaluation, management support, and budgetary functions from within existing agencies. The recommendations shall be forwarded to the legislature by January 1, 1992, and shall include recommenda-

tions as to agencies and departments that could be merged into a new agency.

The state planning agency shall examine the community resources program, evaluate the effectiveness of the program, and make recommendations to the appropriate committees of the legislature for necessary improvements. The agency shall also study possible expansion of the community resources program into inner-ring suburbs adjoining cities of the first class, and report to the appropriate committees of the legislature by January 1, 1992.

$377,000 the first year and $377,000 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, 1993, 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.

$20,000 the first year is for the Council of Great Lakes Governors.

During the biennium any seminars or training sessions regarding federal issues for federal budgeting that are conducted by the Washington office shall be made available to legislators and legislative staff. The Washington office shall notify the legislature regarding the timing of such seminars.

$100,000 the first year and $100,000 the second year are for demonstration grants under the youth employment and housing program to eligible orga-

nizations as defined in Minnesota Statutes, section 268.361, subdivision 4.

$101,000 the first year and $101,000 the second year are for the office of environmental education.

Sec. 20. FINANCE

Subdivision 1. Total Appropriation	9,198,000	11,386,000

Approved Complement – 131

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Management and Administrative Services

1,148,000	1,205,000

Subd. 3. State Accounting System

5,172,000	7,313,000

On or before February 15, 1992, the commissioner of finance shall report to the chairs of the state government divisions of the house appropriations and senate finance committees on progress in designing the new statewide accounting and payroll information systems. The report shall also identify preliminary savings or administrative efficiencies that the state may realize with a new system and indicate the level of future funding required to complete the system. The report shall also present options for the future financing of the system including cost-sharing by users.

Subd. 4. Budget Analysis and Operations

2,318,000	2,286,000

Subd. 5. Cash and Debt Management

273,000	282,000

Subd. 6. Economic Analysis

287,000 300,000

Sec. 21. EMPLOYEE RELATIONS

Subdivision 1. Total Appropriation 8,846,000 9,004,000

Approved Complement – 186
General – 111
Insurance Trust – 29
Special Revenue – 46

$486,000 in 1991 is from the general fund for WCRA premium adjustments and is added to the appropriation in Laws 1989, chapter 335, article 1, section 18.

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Administration

2,601,000 2,566,000

Subd. 3. Labor Relations

517,000 528,000

Subd. 4. Staffing and Compensation

3,052,000 3,058,000

$56,000 the first year and $55,000 the second year must be subtracted from the amount that would otherwise be payable as local government aid under Minnesota Statutes, chapter 477A, to offset the cost of the local government pay equity function of the department.

By February 1, 1992, the commissioner of employee relations shall issue a comprehensive report assessing the impact of budget cuts on personnel in all executive branch agencies and boards, including the state university, technical colleges, and community college systems. The report shall include the number of complement, vacancies, and full and part-time personnel working

in each agency and board on July 1, 1991, and on December 31, 1991. It must include a breakdown by job class and bargaining unit in each agency of positions that were eliminated in this period. It must also include a breakdown of student worker and temporary employee positions eliminated in each agency in this period. The commissioner must report on February 1, 1993, presenting the same information for the time period January 1, 1992 to December 31, 1992. The reports must be made to the chairs of the senate finance and house appropriations committees.

It is the policy of the legislature to maximize the delivery of services to the public. If layoffs of state employees are necessary, the appointing authority must make an effort to reduce proportionally based upon the percentage of total management, supervisory, line, and support personnel to the total number of employees in the department or agency for the biennium ending June 30, 1993.

It is the policy of the legislature, in order to ensure efficient restructuring and smooth and harmonious labor relations, that any studies for restructuring of executive branch agencies should be accomplished with the cooperation of existing labor-management committees established through collective bargaining agreements. Every effort should be made to include departmental and agency employees in the restructuring process through their collective bargaining agents.

State agencies must demonstrate that they cannot use available staff before hiring outside consultants or services. Where outside consultants and services are necessary, agencies are encouraged to negotiate contracts that will involve permanent staff so as to upgrade and maximize training of state personnel.

Money spent on outside consultants must be reported on an annual basis to the senate finance and house appropriations committees.

For the biennium ending June 30, 1993, no appointing authority in any state agency shall fill a deputy commissioner position that is vacant on May 3, 1991.

Subd. 5. Safety and Workers' Compensation

2,232,000 2,557,000

Subd. 6. Training and Development

555,000 528,000

Subd. 7. Equal Opportunity

311,000 318,000

Subd. 8. General Reduction

(422,000) (551,000)

Sec. 22. PUBLIC EMPLOYMENT RELATIONS BOARD 85,000 85,000

Approved Complement – 1

Sec. 23. REVENUE

Subdivision 1. Total Appropriation 72,530,000 72,155,000

Approved Complement – 1,124
General – 1,084
Highway User – 38
Metro Landfill Contingency 1
Environment 1

Summary by Fund

General –	70,718,000	70,348,000
Environmental –	46,000	46,000
Highway User –	1,720,000	1,715,000
Metro Landfill Contingency	46,000	46,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Revenue Administration

22,153,000 21,880,000

The approved complement of the department of revenue is reduced by 50.

Notwithstanding any other law to the contrary, $60,000 of this appropriation for 1993 is for severance pay expenses for a retiring judge of the tax court whose major tenure was in the department of revenue.

Subd. 3. Tax Policy

4,041,000 4,050,000

Subd. 4. Property and Special Taxes

10,151,000 10,126,000

Summary by Fund

General –	8,339,000	8,319,000
Environmental –	46,000	46,000
Highway User –	1,720,000	1,715,000
Metro Landfill Contingency	46,000	46,000

$35,000 the first year and $35,000 the second year must be subtracted from the total police and fire state aid otherwise payable to police and firefighters' relief associations under Minnesota Statutes, sections 69.011 to 69.051, and deposited in the general fund for the costs and expenses incurred by the department in collecting and distributing state aid to police and firefighters' relief associations.

$55,000 the first year and $55,000 the second year must be subtracted from the total taconite production tax revenues distributed to local units of government. These amounts shall be deposited in the general fund and appropriated to the department of revenue for the costs and expenses incurred by the department in collecting and distributing taconite production tax revenues.

Subd. 5. Customer Service and Information

13,505,000 13,475,000

Subd. 6. Tax Compliance

22,680,000 22,624,000

Sec. 24. TRADE AND ECONOMIC DEVELOPMENT

Subdivision 1. Total Appropriation 34,621,000 32,844,000

Approved Complement –	213
General –	173
Environmental –	3
Special Revenue –	3
Trunk Highway –	16
Federal –	18

Summary by Fund

General	33,577,000	31,908,000
Environmental	215,000	214,000
Trunk Highway	729,000	722,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Community Development

17,802,000 15,948,000

$4,767,000 the first year and $5,267,000 the second year are for economic recovery grants.

$5,404,000 the first year and $3,504,000 the second year are for the targeted neighborhoods revitalization and financing program.

Upon approval by the commissioner of a revitalization program the commissioner shall, within 30 days, pay to the city the amount of state money identified as necessary to implement the revitalization program or program modification.

$2,691,000 the first year and $2,691,000 the second year are for pay-

ment of a grant to the metropolitan council for metropolitan area regional parks maintenance and operation.

$243,000 the first year is for community development corporations. This appropriation is only available to the extent that it is matched by a community development corporation with $2 of nonstate money for every $3 of state money.

The metropolitan parks and open space commission shall consider the development of a trail that would link the St. Paul waterfront with the Munger trail via Swede Hollow and the abandoned railroad bed running north through St. Paul's East Side. The commission may meet with interested people and representatives of affected groups and shall report back to the senate finance and house appropriations committees by January 1, 1992.

$2,006,000 the first year and $2,006,000 the second year are for grants to pay principal and interest due on bonds issued by the city of Minneapolis for the Great River Road Project, the city of St. Paul for the Como Park conservatory, suburban Hennepin regional park district for land acquisition and development, and Washington county for land acquisition and development. These amounts shall be continued in the base and adjusted only for the normal reduction in principal and interest payments.

$59,000 the first year and $59,000 the second year are for a grant to the Minnesota High Tech Corridor. The department shall report its progress to the legislature by January 1, 1992.

$218,000 the first year and $217,000 the second year are for the small cities federal match.

$75,000 is for a grant to Itasca county to plan and do other preliminary work for construction of the Itasca Center.

The city of Duluth will not become eligible to receive any funding from the Urban Revitalization Action Program until the city formally relinquishes its entitlement status under the federal Community Development Block Grant Program to St. Louis county.

St. Louis county must ensure that the city of Duluth will continue to receive that level of federal Community Development Block Grant Program funding that it would have received if it had remained an entitlement community.

$73,000 the first year and $73,000 the second year are for a grant to the Minnesota Inventors' Congress. The Minnesota Inventors' Congress shall submit a report to the commissioner of trade and economic development by June 30 of each year on its activities in carrying out the purposes of this grant.

$98,000 the first year and $98,000 the second year are for Quality Council grants.

$250,000 the first year and $250,000 the second year are for a grant to Minnesota Project Innovation.

A city, county, or township may grant the funds received under Minnesota Statutes, section 116J.873, to a regional development commission to provide the required local matching funds for capitalization of a regional revolving loan fund.

Subd. 3. Minnesota Trade Office

2,069,000 2,178,000

The department of trade and economic development, in consultation with the state council on Asian-Pacific Minneso-

tans, shall develop a program to attract investors from Hong Kong to Minnesota and report to the legislature by January 1, 1992. The report shall include consideration and utilization of the new federal "investment visa program" status.

$100,000 is for the department of trade and economic development to award grants to qualifying Minnesota nonprofit organizations to support international cultural and educational exchange programs and to make grants and loans to qualifying Minnesota businesses for the support of international partnership program activities that may lead to long-term trade relations. Grants must be matched with at least $3 of nonpublic funds for every state grant dollar awarded and loans must be matched by at least $1 for every state grant dollar loaned.

$100,000 is available for foreign trade offices in the second year of the biennium. The department of trade and economic development shall report to the legislature by February 1, 1992, on the proposed location of the offices and the criteria used for the proposal.

$30,000 is for an export outreach pilot project to identify and pursue one or more specific export trade opportunities for rural Minnesota businesses. Expenditures of more than $10,000 for a specific project shall be matched, dollar for dollar, from nonpublic sources.

Subd. 4. Tourism

7,419,000 7,202,000

Summary by Fund

General	6,615,000	6,480,000
Trunk Highway	729,000	722,000

To develop maximum private sector involvement in tourism, $2,000,000 the first year and $2,000,000 the second

year of the amounts appropriated for marketing activities are contingent upon receipt of an equal contribution of nonstate sources that have been certified by the commissioner. Up to one-half of the match may be given in in-kind contributions. This appropriation may be released as money is matched.

Any unexpended funds from general fund appropriations made under this subdivision shall not cancel but be placed in a special advertising account for use by the office of tourism to purchase additional media.

To maximize marketing grant benefits, priority for joint venture marketing grants shall be given to organizations with year-round sustained tourism activities. For programs and projects submitted, priority must be given to those that encompass two or more organizations or that attract nonresident travelers to the state.

Subd. 5. Business Development and Analysis

	5,312,000	5,206,000

Summary by Fund

General	5,097,000	4,992,000
Environmental	215,000	214,000

$200,000 is appropriated from the general fund in the first year and $100,000 in the second year to the commissioner of trade and economic development for grants to Advantage Minnesota, Inc.

The funds are available only if matched on at least a one-to-one basis from other sources. The commissioner may release the funds only upon:

(1) certification that matching funds from each participating organization are available;

(2) review and approval of the bylaws and articles of incorporation of Advantage Minnesota, Inc. by the commissioner;

(3) appointment of the board of directors of Advantage Minnesota Inc.; and

(4) review and approval by the commissioner of the proposed operations plan of Advantage Minnesota, Inc. for the biennium.

$166,000 the first year and $166,000 the second year are for the Minnesota motion picture board. This appropriation is available only upon receipt by the board of $1 in matching contributions of money or in-kind from nonstate sources for every $3 provided by this appropriation.

$122,000 the first year and $122,000 the second year are for the state's match for the federal small business development centers. If funding in one year is insufficient, the other year's appropriation is available.

$1,108,000 the first year and $1,108,000 the second year are for Minnesota Jobs Skills Partnership grants.

The department of trade and economic development may grant up to $125,000 to a private entity for a pilot project to test the feasibility of an energy conversion plant utilizing an anaerobic digestion system. This appropriation is available only upon verification that an equal amount of other funds has been committed to the project.

$500,000 is appropriated in the first year and $500,000 in the second year for the business development and preservation program.

Subd. 6. Administration

1,994,000 2,310,000

The approved complement of the department of trade and economic development is reduced by 13.

Sec. 25. AMATEUR SPORTS COMMISSION	544,000	543,000

Approved Complement – 8

Loan repayments required by Laws 1988, chapter 686, article 1, section 16, and Laws 1989, chapter 335, article 1, section 25, subdivision 3, need not be repaid on the dates specified. The outstanding balances totaling $255,000 shall be repaid in three equal installments of $85,000 due no later than June 30, 1993; June 30, 1994; and June 30, 1995.

$51,000 of the appropriation is for a full-time women's sports director and $21,000 is for a full-time student clerical worker. $25,000 is available for grants.

Sec. 26. MEDIATION SERVICES	1,875,000	1,872,000

Approved Complement – 23

The approved complement of the bureau of mediation services is reduced by two.

$287,000 the first year and $287,000 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. 27. MILITARY AFFAIRS		
Subdivision 1. Total Appropriation	10,100,000	10,237,000

Approved Complement –	351
General –	136
Federal –	215

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Enlistment Incentives

2,350,000 2,350,000

$2,015,000 the first year and $2,015,000 the second year are for the tuition reimbursement program.

$335,000 the first year and $335,000 the second year are for the reenlistment bonus program.

The tuition credit program and reenlistment bonus program in the department of military affairs are abolished contingent on the final enactment of a tax credit program for National Guard members in the 1991 legislative session.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Subd. 3. Maintenance of Training Facilities

5,987,000 6,127,000

Subd. 4. General Support

1,763,000 1,760,000

$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. 28. VETERANS AFFAIRS 2,680,000 2,674,000

Approved Complement – 37

$1,048,000 the first year and $1,048,000 the second year are for emergency financial and medical needs of veterans. For the biennium ending June 30, 1993, 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.

The state auditor shall study the functions of county veterans service officers and report to the legislature by January 1, 1992. The report must include but not be limited to recommendations on the following: (1) elimination or merging of services and personnel; and (2) state funding of personnel costs.

With the approval of the commissioner of finance, the commissioner of veterans affairs may transfer the unencumbered balance from the veterans relief program to other department programs during the fiscal year. The commissioner of veterans affairs shall provide background information explaining why the unencumbered balance exists. The amounts transferred must be identified to the chairs of the senate finance committee division on state departments and the house appropriations committee division on state government.

Sec. 29. GENERAL CONTINGENT ACCOUNTS 600,000 600,000

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	250,000	250,000
Special Revenue	250,000	250,000
Workers' Comp.	100,000	100,000

Sec. 30. TORT CLAIMS 303,000 303,000

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.

Sec. 31. MINNESOTA STATE RETIREMENT SYSTEM 9,800,000 10,620,000

The amounts estimated to be needed for each program are as follows:

(a) Legislators

2,400,000 2,600,000

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.11.

(b) Judges

7,200,000 7,800,000

Under Minnesota Statutes, sections 490.106; and 490.123, subdivision 1.

(c) Constitutional Officers

200,000 220,000

Under Minnesota Statutes, sections 352C.031, subdivision 5; 352C.04, subdivision 3; and 352C.09, subdivision 2.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 32. MINNEAPOLIS EMPLOYEES RETIREMENT FUND 10,955,000 10,955,000

The appropriation is to the commissioner of finance for payment to the Minneapolis employees retirement 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. 33. POLICE AND FIRE AMORTIZATION AID 3,524,000 3,524,000

The appropriation is to the commissioner of revenue 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. 34. [TRANSFERS.]

Subdivision 1. [GENERAL PROCEDURE.] If the appropriation in this article 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 article for an item within an activity, that amount must not be transferred or used for any other purpose.

Sec. 35. Minnesota Statutes 1990, 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, Le Sueur, McLeod, Scott, and Sibley; ~~13~~ 27 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~~ 24 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; ~~53~~ 54 judges;

5. Blue Earth, Watonwan, Lyon, Redwood, Brown, Nicollet, Lincoln, Cottonwood, Murray, Nobles, Pipestone, Rock, Faribault, Martin, and Jackson; ~~five~~ 17 judges; and permanent chambers shall be maintained in Marshall, Windom, Fairmont, New Ulm, and Mankato;

6. Carlton, St. Louis, Lake, and Cook; 15 judges;

7. Benton, Douglas, Mille Lacs, Morrison, Otter Tail, Stearns, Todd, Clay, Becker, and Wadena; 20 judges; and permanent chambers shall be maintained in Moorhead, Fergus Falls, Little Falls, and St. Cloud;

8. Chippewa, Kandiyohi, Lac qui Parle, Meeker, Renville, Swift, Yellow Medicine, Big Stone, Grant, Pope, Stevens, Traverse, and Wilkin; ~~three~~ 11 judges; and permanent chambers shall be maintained in Morris, Montevideo, and Willmar;

9. Norman, Polk, Marshall, Kittson, Red Lake, Roseau, Mahnomen, Pennington, Aitkin, Itasca, Crow Wing, Hubbard, Beltrami, Lake of the Woods, Clearwater, Cass and Koochiching; ~~six~~ 20 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; ~~30~~ 32 judges; and permanent chambers shall be

maintained in Anoka, Stillwater, and other places designated by the chief judge of the district.

Sec. 36. Minnesota Statutes 1990, section 2.722, is amended by adding a subdivision to read:

Subd. 5. [JUDICIAL EMPLOYEES.] The complement for the law clerk and court reporter assigned exclusively to a judgeship that is abolished under this section is abolished upon vacancy of the position. The complement for the law clerk and court reporter shall be transferred to the judicial district to which a judgeship is transferred pursuant to this section.

Sec. 37. [7.21] [PAY FOR DEPOSIT SERVICES; APPROPRIATION.]

Subdivision 1. [AUTHORITY TO PAY.] The state treasurer may pay a depository for performing services related to the deposit of state funds in accord with agreements entered into by the commissioner of finance under section 16A.27, subdivision 5.

Subd. 2. [APPROPRIATION.] The money to make the payments under this section is appropriated.

Sec. 38. [7.22] [MAY ISSUE COMMEMORATIVE MEDALLIONS.]

The state treasurer may issue medallions to commemorate popular contemporaneous events of statewide interest.

The treasurer may make reasonable arrangements with public or private entities for the production, distribution, marketing, and sale of the medallions. The treasurer may solicit and receive nonstate funds or in-kind contributions in connection with any part of the medallion program. Proceeds from sales, nonstate funds, and in-kind contributions must be deposited in a dedicated account.

The state treasurer may issue a "SUPER BOWL XXVI" commemorative medallion.

Sec. 39. Minnesota Statutes 1990, section 8.06, is amended to read:

8.06 [ATTORNEY FOR STATE OFFICERS, BOARDS, OR COMMISSIONS; EMPLOY COUNSEL.]

The attorney general shall act as the attorney for all state officers and all boards or commissions created by law in all matters pertaining to their official duties. When requested by the attorney general, it shall be the duty of any county attorney of the state to

appear within the county and act as attorney for any such board, commission, or officer in any court of such county. The attorney general may, upon request in writing, employ, and fix the compensation of, a special attorney for any such board, commission, or officer when, in the attorney general's judgment, the public welfare will be promoted thereby. Such special attorney's fees or salary shall be paid from the appropriation made for such board, commission, or officer. A state agency that is current with its billings from the attorney general for legal services may contract with the attorney general for additional legal and investigative services. Except as herein provided, no board, commission, or officer shall hereafter employ any attorney at the expense of the state.

Whenever the attorney general, the governor, and the chief justice of the supreme court shall certify, in writing, filed in the office of the secretary of state, that it is necessary, in the proper conduct of the legal business of the state, either civil or criminal, that the state employ additional counsel, the attorney general shall thereupon be authorized to employ such counsel and, with the governor and the chief justice, fix the additional counsel's compensation. Except as herein stated, no additional counsel shall be employed and the legal business of the state shall be performed exclusively by the attorney general and the attorney general's assistants.

Sec. 40. Minnesota Statutes 1990, 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 general fund.~~

~~(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. 41. Minnesota Statutes 1990, 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 general fund.~~

Sec. 42. Minnesota Statutes 1990, section 14.08, is amended to read:

14.08 [REVISOR OF STATUTES 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. The agency shall pay the attorney general's assessments using the procedures of section 8.15. 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 general fund.~~

Sec. 43. Minnesota Statutes 1990, section 14.26, is amended to read:

14.26 [ADOPTION OF PROPOSED RULE; SUBMISSION TO ATTORNEY GENERAL.]

If no hearing is required, the agency shall submit to the attorney general the proposed rule and notice as published, the rule as proposed for adoption, any written comments received by the agency, and a statement of need and reasonableness for the rule. The agency shall give notice to all persons who requested to be informed that these materials have been submitted to the attorney general. This notice shall be given on the same day that the record is submitted. If the proposed rule has been modified, the notice shall state that fact, and shall state that a free copy of the proposed rule, as modified, is available upon request from the agency. The rule and these materials shall be submitted to the attorney general within 180 days of the day that the comment period for the rule is over or the rule is automatically withdrawn. The agency shall report its failure to adopt the rules and the reasons for that failure to the legislative commission to review administrative rules, other appropriate legislative committees, and the governor.

Even if the 180-day period expires while the attorney general reviews the rule, if the attorney general rejects the rule, the agency may resubmit it after taking corrective action. The resubmission must occur within 30 days of when the agency receives written notice of the disapproval. If the rule is again disapproved, the rule is withdrawn. An agency may resubmit at any time before the expiration of the 180-day period. If the agency withholds some of the proposed rule, it may not adopt the withheld portion without again following the procedures of sections 14.14 to 14.28, or 14.29 to 14.36.

The attorney general shall approve or disapprove the rule as to its legality and its form to the extent the form relates to legality, including the issue of substantial change, and determine whether the agency has the authority to adopt the rule and whether the record demonstrates a rational basis for the need for and reasonableness of the proposed rule within 14 days. If the rule is approved, the attorney general shall promptly file two copies of it in the office of the secretary of state. The secretary of state shall forward one copy of each rule to the revisor of statutes. If the rule is disapproved, the attorney general shall state in writing the reasons and make recommendations to overcome the deficiencies, and the rule shall

not be filed in the office of the secretary of state, nor published until the deficiencies have been overcome. The attorney general shall send a statement of reasons for disapproval of the rule to the agency, the chief administrative law judge, the legislative commission to review administrative rules, and to the revisor of statutes.

~~The attorney general shall assess an agency for the actual cost of processing rules under this section. The agency shall pay the attorney general's assessments using the procedures of section 8.15. Each agency shall include in its budget money to pay the attorney general's assessment. Receipts from the assessment must be deposited in the state treasury and credited to the general fund.~~

Sec. 44. Minnesota Statutes 1990, section 15.191, subdivision 1, is amended to read:

Subdivision 1. [EMERGENCY DISBURSEMENTS.] Imprest cash funds for the purpose of making minor disbursements, providing for change, and providing employees with travel advances or a portion or all of their payroll warrant where the warrant has not been received through the payroll system, may be established by state departments or agencies from existing appropriations in the manner prescribed by this section.

Sec. 45. Minnesota Statutes 1990, section 15.50, subdivision 3, is amended to read:

Subd. 3. [ADMINISTRATIVE AND PLANNING EXPENSES.] With the exception of the administrative and planning expenses of the board for federally funded capital expenditures, the board's administrative and planning expenses shall be borne by the state. If federal money is available for capital expenditures, the board's administrative and planning expenses must be reimbursed to the state upon receipt of that money. State agencies and other public bodies considering capitol area projects shall consult with the board prior to developing plans for capital improvements or capital budget proposals for submission to the legislature and governor. These public agencies shall provide adequate funds for the board's review and planning purposes if the board determines its review and planning services are necessary. The expenses of the board for competition premiums, land acquisition or improvement or any other capital expenditures in or upon properties owned or to be owned by the state shall be borne by the state. The expenses of any other public body for such expenditures shall be borne by the body concerned. The city of Saint Paul may expend moneys currently in the city of Saint Paul Capitol Approach Improvement Fund established by Laws 1945, chapter 315, and acts amendatory thereof for capital improvements contained in the city's approved capital improvement budget. The budget is to be adopted in accordance with provisions contained in the city charter.

Sec. 46. Minnesota Statutes 1990, section 16A.27, subdivision 5, is amended to read:

Subd. 5. [CHARGES, COMPENSATING BALANCES.] The commissioner may, after consulting with the state treasurer, agree ~~to~~ that the treasurer may pay a depository a reasonable charge from appropriated money, ~~to~~ maintain appropriate compensating balances with the depository, or purchase noninterest bearing certificates of deposit from the depository for performing depository related services.

Sec. 47. Minnesota Statutes 1990, section 16A.45, subdivision 1, is amended to read:

Subdivision 1. [CANCEL; CREDIT.] Once each fiscal year the commissioner and the treasurer shall cancel upon their books all outstanding unpaid commissioner's warrants, except warrants issued for ~~the medical~~ federal assistance ~~program~~ programs, that have been issued and delivered for more than five years prior to that date and credit to the general fund the respective amounts of the canceled warrants. ~~Once each fiscal year~~ The commissioner and the treasurer shall cancel upon their books all outstanding unpaid commissioner's warrants issued for ~~the medical~~ federal assistance ~~program~~ programs that have been issued and delivered for more than ~~one year~~ the period of time set pursuant to the federal program and credit to the general fund and the appropriate account in the federal fund, the amount of the canceled warrants.

Sec. 48. [16A.581] [DATA SEARCH PAYMENTS.]

Amounts paid to the department of finance pursuant to 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 annually appropriated to the department of finance to be added to the appropriations from which the costs were paid.

Sec. 49. Minnesota Statutes 1990, section 16A.641, subdivision 3, is amended to read:

Subd. 3. [SERIES OF BONDS.] Bonds authorized by a law may be issued in more than one series, and bonds authorized by more than one law may be combined in a single series, as determined by order of the commissioner. The order must state the principal amount of the bonds to be issued under each law, and the aggregate principal amount and the maturity dates and amounts of the bonds included in the series that are to be issued for the purpose of each special fund.

At any time during the 18 months following the issuance of any

series of bonds, the commissioner may, by amendment to the order authorizing their issuance, determine that any portion of the bonds were issued, or shall be deemed to have been issued, pursuant to a law other than the one specified in the original order and for a different purpose, and reallocate and transfer their proceeds to the appropriate account in the bond proceeds fund or the appropriate special fund, for expenditure pursuant to the law pursuant to which the amendment determines they were issued. No such amendment shall be adopted unless:

(1) on the date of the original order, the bonds could have been issued and their proceeds expended as determined in the amended order;

(2) all actions required for the issuance of the transferred bonds have been taken on or before the date of the amendment; and

(3) the commissioner determines upon advice of counsel that the taxability of the interest on the bonds for federal income tax purposes will not be affected by the amendment.

Sec. 50. Minnesota Statutes 1990, section 16A.662, subdivision 4, is amended to read:

Subd. 4. [ESTABLISHMENT OF DEBT SERVICE ACCOUNT; APPROPRIATION OF DEBT SERVICE ACCOUNT MONEY.] There is established within the state bond fund a separate and special account designated as the infrastructure development bond debt service account. There must be transferred to this debt service account in each fiscal year from money in the infrastructure development fund, other than bond proceeds ~~and interest earned on bond proceeds~~, an amount sufficient to increase the balance on hand in the debt service account on each December 1 to an amount equal to the full amount of principal and interest to come due on all outstanding infrastructure development bonds to and including the second following July 1. The amount necessary to make the transfer is appropriated from the infrastructure development fund. The money on hand in the debt service account must be used solely for the payment of the principal of, and interest on, the bonds, and is appropriated for this purpose. This appropriation does not cancel as long as any of the bonds remain outstanding.

Sec. 51. Minnesota Statutes 1990, section 16A.672, subdivision 9, is amended to read:

Subd. 9. [APPROPRIATION.] The money needed to pay when due the compensation and expenses of registrars, delivery agents, and paying agents, and the expenses of other agreements under subdivision 7 is appropriated annually to the commissioner from the general fund.

Sec. 52. Minnesota Statutes 1990, section 16A.69, is amended by adding a subdivision to read:

Subd. 3. [CAPITOL AREA PLANNING.] The department shall set aside from a state appropriation available for that purpose funds for the planning and consulting services of the capitol area architectural and planning board when a state agency or the Minnesota historical society plans and constructs any capital improvement in the capitol area as defined in section 15.50, subdivision 2, paragraph (a).

Sec. 53. Minnesota Statutes 1990, section 16A.721, subdivision 1, is amended to read:

Subdivision 1. [ACCOUNT, RULES.] The commissioner may make rules for charging fees for seminars and workshops conducted by agencies. The commissioner may keep ~~an account~~ accounts for deposit of the seminar and workshop fee receipts. The commissioner may ~~not~~ allow the unobligated ~~balance of this account to exceed~~ ~~$10,000~~ balances in these accounts to be carried forward provided that the funds are expended in the following fiscal year. Unobligated balances that are not carried forward shall cancel to the general fund.

Sec. 54. [16A.723] [GOVERNOR'S RESIDENCE; REIMBURSEMENT OF EXPENSES.]

Subdivision 1. [ACCOUNT PROCEDURES.] The commissioner may establish procedures to accept funds for reimbursement of expenditures at the governor's residence.

Subd. 2. [APPROPRIATION.] The reimbursements collected under subdivision 1 are appropriated for payment of expenses relating to events conducted at the governor's residence.

Sec. 55. Minnesota Statutes 1990, section 16B.24, subdivision 5, is amended to read:

Subd. 5. [RENTING OUT STATE PROPERTY.] (a) [AUTHORITY.] The commissioner may rent out state property, real or personal, that is not needed for public use, if the rental is not otherwise provided for or prohibited by law. The property may not be rented out for more than five years at a time without the approval of the state executive council and may never be rented out for more than 25 years except as provided in paragraph (f). A rental agreement may provide that the state will reimburse a tenant for a portion of capital improvements that the tenant makes to state real property if the state does not permit the tenant to renew the lease at the end of the rental agreement.

(b) [RESTRICTIONS.] Paragraph (a) does not apply to state trust fund lands, other state lands under the jurisdiction of the department of natural resources, lands forfeited for delinquent taxes, lands acquired under section 298.22, or lands acquired under section 41.56 which are under the jurisdiction of the department of agriculture.

(c) [FORT SNELLING CHAPEL; RENTAL.] The Fort Snelling Chapel, located within the boundaries of Fort Snelling State Park, is available for use only on payment of a rental fee. The commissioner shall establish rental fees for both public and private use. The rental fee for private use by an organization or individual must reflect the reasonable value of equivalent rental space. Rental fees collected under this section must be deposited in the general fund.

(d) [RENTAL OF LIVING ACCOMMODATIONS.] The commissioner shall establish rental rates for all living accommodations provided by the state for its employees. Money collected as rent by state agencies pursuant to this paragraph must be deposited in the state treasury and credited to the general fund.

(e) [LEASE OF SPACE IN CERTAIN STATE BUILDINGS TO STATE AGENCIES.] The commissioner may lease portions of the state owned buildings in the capitol complex, the capitol square building, the health building, and the building at 1246 University Avenue, St. Paul, Minnesota, to state agencies and charge rent on the basis of space occupied. Notwithstanding any law to the contrary, all money collected as rent pursuant to the terms of this section shall be deposited in the state treasury. Money collected as rent to recover the depreciation cost of a building built with state dedicated funds shall be credited to the dedicated fund which funded the original acquisition or construction. All other money received shall be credited to the general services revolving fund.

(f) [RENTAL OF STATE LAND, BUILDINGS FOR PUBLIC USE.] The commissioner may rent state land for as long as 30 years if the lease provides that the lessee must design, develop, and construct on the land premises for public use and that the state has the option to lease the premises under subdivision 6, paragraph (a); has a lease-purchase agreement covering the premises under subdivision 6, paragraph (b); or has an agreement covering the premises providing for a lease with option to buy under subdivision 6, paragraph (c). A lease or lease-purchase agreement entered into under this paragraph is subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use.

Sec. 56. Minnesota Statutes 1990, section 16B.24, subdivision 6, is amended to read:

Subd. 6. [PROPERTY RENTAL.] (a) [LEASES.] The commissioner shall rent land and other premises when necessary for state

purposes. The commissioner may lease land or premises for five years or less, subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use. The commissioner may lease land or premises for more than five years under the provisions of paragraphs (b) and (c). The commissioner may not rent non-state-owned land and buildings or substantial portions of land or buildings within the capitol area as defined in section 15.50 unless the commissioner first consults with the capitol area architectural and planning board. If the commissioner enters into a lease-purchase or lease with option to buy agreement for buildings or substantial portions of buildings within the capitol area, the commissioner shall require that any new construction of non-state-owned buildings conform to design guidelines of the capitol area architectural and planning board. Lands needed by the department of transportation for storage of vehicles or road materials may be rented for five years or less, such leases for terms over two years being subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use. 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.

(b) [LEASE-PURCHASE.] The commissioner may lease land or buildings for as long as 30 years if the lease agreement provides for the transfer of the ownership of the leased land and buildings upon normal termination of the lease for an amount not to exceed $1. The commissioner may not enter into a lease-purchase agreement for the use of land or buildings within the capitol area as defined in section 15.50 unless the commissioner first consults with the capitol area architectural and planning board and the chair of the appropriations committee of the house and the chair of the finance committee of the senate. A lease-purchase agreement entered into under this paragraph is subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use.

(c) [LEASE WITH OPTION TO BUY.] The commissioner may lease land or premises for as long as 30 years if the lease agreement provides the state a unilateral right to purchase all leased land and premises. The unilateral right must:

(1) be available at any time during the lease agreement; and

(2) provide for a decreasing purchase price reflecting a mortgage balance that would reach zero in no more than 30 years from the beginning of the initial lease period.

The commissioner may not enter an agreement providing for a lease

with option to buy covering land or premises within the capitol area as defined in section 15.50 unless the commissioner first consults with the capitol area architectural and planning board.

(d) [CANCELLATION.] A lease with option to buy agreement entered into under paragraph (c) is subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use.

(e) [USE VACANT PUBLIC SPACE.] No agency may initiate or renew a lease for space for its own use in a private building unless the commissioner has thoroughly investigated presently vacant space in public buildings, *such as closed school buildings,* and found that none is available.

~~(e)~~ (f) [PREFERENCE FOR CERTAIN BUILDINGS.] For needs beyond those which can be accommodated in state-owned buildings, the commissioner shall acquire and utilize space in suitable buildings of historical, architectural, or cultural significance for the purposes of this subdivision unless use of that space is not feasible, prudent and cost effective compared with available alternatives. Buildings are of historical, architectural, or cultural significance if they are listed on the national register of historic places, designated by a state or county historical society, or designated by a municipal preservation commission.

~~(d)~~ (g) [RECYCLING SPACE.] Leases for space of 30 days or more for 5,000 square feet or more must require that space be provided for recyclable materials.

Sec. 57. Minnesota Statutes 1990, section 16B.36, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The commissioner may examine, investigate, or make a survey of the organization, administration, and management of state agencies and institutions under their control, and may assist state agencies by providing analytical, statistical, and organizational development services to them in order to secure greater efficiency and economy through reorganization or consolidation of agencies or functions and to eliminate duplication of function, effort, or activity, so far as possible. The commissioner shall periodically submit to the legislature a list of the studies being conducted for this purpose and any future studies scheduled at the time the list is submitted.

Sec. 58. Minnesota Statutes 1990, section 16B.41, subdivision 2, is amended to read:

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. 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. 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. A public institution of higher education must not purchase interconnective computer technology without the prior approval of the office.

(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.

Sec. 59. Minnesota Statutes 1990, section 16B.41, is amended by adding a subdivision to read:

Subd. 5. [COMPUTER IMPACT STATEMENT.] Statutory changes affecting reporting and data collection requirements for local units of government may not be enforced until the state agency most responsible for the change has filed a computer impact statement with the office. The statement must indicate the proposed data processing costs associated with the pending change.

Sec. 60. Minnesota Statutes 1990, section 16B.465, subdivision 4, is amended to read:

Subd. 4. [PROGRAM PARTICIPATION.] (a) The commissioner may require the participation of state agencies and the governing boards of the state universities, the community colleges, and the technical colleges, and may request the participation of the board of regents of the University of Minnesota, in the planning and implementation of the network to provide interconnective technologies. The commissioner shall establish reimbursement rates in cooperation with the commissioner of finance to be billed to participating agencies and educational institutions sufficient to cover the operating, maintenance, and administrative costs of the system.

(b) A direct appropriation made to an educational institution for usage costs associated with the STARS network must only be used by the educational institution for payment of usage costs of the network as billed by the commissioner of administration. The post-secondary appropriations may be shifted between systems as required by unanticipated usage patterns. An intersystem transfer must be requested by the appropriate system and may be made only after review and approval by the commissioner of finance, in consultation with the commissioner of administration.

Sec. 61. Minnesota Statutes 1990, section 16B.48, subdivision 2, is amended to read:

Subd. 2. [PURPOSE OF FUNDS.] Money in the state treasury credited to the general services revolving fund and money that is deposited in the fund is appropriated annually to the commissioner for the following purposes:

(1) to operate a central store and equipment service;

(2) to operate a central duplication and printing service;

(3) to purchase postage and related items and to refund postage deposits as necessary to operate the central mailing service;

(4) to operate a documents service as prescribed by section 16B.51;

(5) to provide advice and other services to political subdivisions for the management of their telecommunication systems;

(6) to provide services for the maintenance, operation, and upkeep of buildings and grounds managed by the commissioner of administration;

(7) to provide analytical, statistical, and organizational development services to state agencies, local units of government, metropolitan and regional agencies, and school districts;

(8) to provide capitol security services through the department of public safety; ~~and~~

(9) to perform services for any other agency. Money may be expended for this purpose only when directed by the governor. The agency receiving the services shall reimburse the fund for their cost, and the commissioner shall make the appropriate transfers when requested. The term "services" as used in this clause means compensation paid officers and employees of the state government; supplies, materials, equipment, and other articles and things used by or furnished to an agency; and utility services and other services for the maintenance, operation, and upkeep of buildings and offices of the state government; and

(10) to operate a records center.

Sec. 62. [43A.045] [RESTRUCTURING.]

It is the policy of the state of Minnesota that any restructuring of executive branch agencies be accomplished while ensuring that fair and equitable arrangements are carried out to protect the interests of executive branch employees, and while facilitating the best possible service to the public. The commissioner shall make every effort to train and retrain existing employees for a changing work environment. Where restructuring may involve a loss of existing

positions and employment, the commissioner shall assist affected employees in finding suitable employment in other state agencies.

For employees whose positions will be eliminated by implementation of a restructuring plan, options presented to employees must include but not be limited to job and training opportunities necessary to qualify for another job within their current department or a similar job in another state agency.

Implementation of this section, as well as procedures for notifying employees affected by restructuring plans, must be negotiated into collective bargaining agreements under chapter 179A. Nothing in this section shall be construed as diminishing any rights defined in collective bargaining agreements under this chapter or chapter 179A.

Sec. 63. [43A.182] [PAYMENT OF SALARY DIFFERENTIAL FOR RESERVE FORCES ON ACTIVE DUTY.]

Each agency head shall pay to each eligible member of the reserve components of the armed forces of the United States an amount equal to the difference between the member's basic active duty military salary and the salary the member would be paid as an active state employee, including any adjustments the member would have received if not on leave of absence. This payment may be made only to a person whose basic active duty military salary is less than the salary the person would be paid as an active state employee. Payments must be made at the intervals at which the member received pay as a state employee. Back pay authorized by this section may be paid in a lump sum. Such pay shall not extend beyond four years from the date the employee was called to active duty plus such additional time in each case as such employee may be required to serve pursuant to law.

An eligible member of the reserve components of the armed forces of the United States is a reservist or National Guard member who was an employee of the state of Minnesota at the time the member was called to active duty and who was or is called to active duty after August 1, 1990, because of Operation Desert Shield, Operation Desert Storm, or any other action taken by the armed forces relating to hostilities between the United States and the Republic of Iraq.

For the purposes of this section, an employee of the state is an employee of the executive, judicial, or legislative branches of state government or an employee of the Minnesota state retirement system, the public employee retirement association, or the teachers retirement association.

The commissioner of employee relations and the commissioner of finance shall adopt procedures required to implement this section. The procedures are exempt from chapter 14.

Sec. 64. [43A.48] [DEPENDENT CARE EXPENSE ACCOUNT.]

The commissioner of employee relations may use FICA savings generated from the dependent care expense account program to pay for the administrative costs of the program.

Sec. 65. Minnesota Statutes 1990, section 79.34, subdivision 1, is amended to read:

Subdivision 1. [CONDITIONS REQUIRING MEMBERSHIP.] The nonprofit association known as the workers' compensation reinsurance association may be incorporated under chapter 317A 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, sections 79.34 to 79.40 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 is 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 are considered a single entity for purposes of the exercise of all rights and duties of membership in the reinsurance association. Each self-insurer approved under section 176.181 and each political subdivision that 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 is bound by its plan of operation; provided that:

(1) 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, are considered a single entity for purposes of the exercise of all rights and duties of membership in the reinsurance association; and

(2) all group self-insurers granted authority to self-insure pursuant to section 176.181 are considered single entities 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 after December 31, 1983, the state is a member of the reinsurance association and is bound by its plan of operation. The commissioner of employee relations 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 employee relations, except that the University of Minnesota shall pay its portion of workers' compensation reinsurance premiums directly to the workers' compensation reinsurance association. 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. 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. 66. Minnesota Statutes 1990, section 116J.8765, is amended by adding a subdivision to read:

Subd. 1a. [CAPITAL ACCESS ACCOUNT.] All money transferred or appropriated to the capital access account and all money paid into the account or the reserve fund accounts from any source are appropriated to the commissioner to pay claims according to the terms of the capital access program.

Sec. 67. [116J.986] [BUSINESS DEVELOPMENT AND PRESERVATION PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The commissioner shall establish a business development and preservation program. The program shall have a goal of creating new businesses and preserving existing businesses. The program is to be delivered by nonprofit organizations with experience in providing intensive technical assistance to individuals or small groups for the purpose of establishing a small business or preserving a business.

Subd. 2. [PROGRAM CRITERIA.] The commissioner shall develop expected program outcome criteria. The program criteria must include the number of businesses started, the number of new jobs developed, and the number of businesses improved through consultation and technical assistance. The program criteria must be incorporated into the contracts entered between the department and each nonprofit organization. At least annually, the commissioner shall report on criteria established and results achieved to the senate committee on economic development and housing and the house committee on economic development.

Subd. 3. [ELIGIBLE ORGANIZATIONS.] Four nonprofit organizations may receive funds under this program: Metropolitan Economic Development Association, Inc.; Minnesota Cooperation Office for Small Business and Job Creation; Northeast Entrepreneur Fund, Inc.; and WomenVenture, Inc.

Sec. 68. Minnesota Statutes 1990, section 116L.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] The partnership shall be governed by a board of ~~11~~ 12 directors.

Sec. 69. Minnesota Statutes 1990, section 116L.03, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT.] The Minnesota job skills partnership board consists of: eight members appointed by the governor, the commissioner of trade and economic development, the commissioner of jobs and training, the executive director of the higher education coordinating board, and the ~~state director of vocational technical education~~ chancellor of the technical college system.

Sec. 70. Minnesota Statutes 1990, section 128C.12, subdivision 1, is amended to read:

Subdivision 1. [DUES AND EVENTS REVENUE.] The state auditor annually must examine the accounts of, and audit all money paid to, the state high school league by its members. The state auditor must also audit all money derived from any event sponsored by the league and review any private audits done for the league.

Sec. 71. Minnesota Statutes 1990, section 138.17, subdivision 1, is amended to read:

Subdivision 1. [DESTRUCTION, PRESERVATION, REPRODUCTION OF RECORDS; PRIMA FACIE EVIDENCE.] The attorney general, legislative auditor in the case of state records, state auditor in the case of local records, and director of the Minnesota historical society, hereinafter director, shall constitute the records disposition panel. The members of the panel shall have power by ~~unanimous consent~~ majority vote to direct the destruction or sale for salvage of government records determined to be no longer of any value, or to direct the disposition by gift to the Minnesota historical society or otherwise of government records determined to be valuable for preservation. The records disposition panel may by ~~unanimous consent~~ majority vote order any of those records to be reproduced by photographic or other means, and order that photographic or other reproductions be substituted for the originals of them. It may direct the destruction or sale for salvage or other disposition of the originals from which they were made. Photographic or other reproductions shall for all purposes be deemed the originals of the records reproduced when so ordered by the records disposition panel, and shall be admissible as evidence in all courts and in proceedings of every kind. A facsimile, exemplified or certified copy of a photographic, optical disk imaging, or other reproduction, or an enlargement or reduction of it, shall have the same effect and weight as evidence as would a certified or exemplified copy of the original. The

records disposition panel, by ~~unanimous consent~~ majority vote, may direct the storage of government records, except as herein provided, and direct the storage of photographic or other reproductions. Photographic or other reproductions substituted for original records shall be disposed of in accordance with the procedures provided for the original records. For the purposes of this chapter: (1) the term "government records" means state and local records, including all cards, correspondence, discs, maps, memoranda, microfilms, papers, photographs, recordings, reports, tapes, writings, optical disks, and other data, information, or documentary material, regardless of physical form or characteristics, storage media or conditions of use, made or received by an officer or agency of the state and an officer or agency of a county, city, town, school district, municipal subdivision or corporation or other public authority or political entity within the state pursuant to state law or in connection with the transaction of public business by an officer or agency; (2) the term "state record" *means a record of a department, office, officer,* commission, commissioner, board or any other agency, however styled or designated, of the executive branch of state government; a record of the state legislature; a record of any court, whether of statewide or local jurisdiction; and any other record designated or treated as a state record under state law; (3) the term "local record" means a record of an agency of a county, city, town, school district, municipal subdivision or corporation or other public *authority or political entity*; (4) the term "records" excludes data and information that does not become part of an official transaction, library and museum material made or acquired and kept solely for reference or exhibit purposes, extra copies of documents kept only for convenience of reference and stock of publications and processed documents, and bonds, coupons, or other obligations or evidences of indebtedness, the destruction or other disposition of which is governed by other laws; (5) the term "state archives" means those records preserved or appropriate for preservation as evidence of the organization, functions, policies, decisions, procedures, operations or other activities of government or because of the value of the information contained in them, when determined to have sufficient historical or other value to warrant continued preservation by the state of Minnesota and accepted for inclusion in the collections of the Minnesota historical society.

If the decision is made to dispose of records by majority vote, the Minnesota historical society may acquire and retain whatever they determine to be of potential historical value.

Sec. 72. Minnesota Statutes 1990, section 160.276, is amended by adding a subdivision to read:

Subd. 5. [OFFICE OF TOURISM.] The commissioner shall provide space free of charge to the office of tourism for travel information centers. The commissioner shall not charge the office of tourism for any regular expenses associated with the operation of the travel information centers. The commissioner shall provide highway maps

free of charge for use and distribution through the travel information centers.

Sec. 73. Minnesota Statutes 1990, section 176A.11, is amended to read:

176A.11 [APPROPRIATION; REPAYMENT.]

Subdivision 1. [GENERALLY.] There is appropriated from the general fund to the state fund mutual insurance company a sum of $125,600 to be available until expended. There is appropriated from the general fund to the commissioner of finance the amounts of $1,176,900 in fiscal year 1984, and $4,424,900 in fiscal year 1985, for the purpose of transfer to the state fund mutual insurance company upon certification of need in accordance with procedures developed by the commissioner. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. Any amount appropriated or transferred plus interest at eight percent a year shall be amortized over a ten-year period and shall be repaid by the fund to the general fund in equal installments at the end of each fiscal year with the first payment occurring on June 30, 1986, provided that the fund shall not begin repayment on this date unless there exists sufficient earned surplus to comply with state law. Repayment shall then ~~begin~~ be made under the terms of this subdivision when and as sufficient earned surplus exists.

Subd. 2. [TIMING AND EFFECT OF REPAYMENTS.] The commissioner of commerce shall permit and the commissioner of finance shall accept repayment of the amounts advanced under subdivision 1 at any time and in the amounts the board of directors shall determine to be appropriate. If, within 120 days of final enactment of this provision, the state fund mutual insurance company pays $3,000,000 of its outstanding principal and interest obligation to the state, under subdivision 1, there shall no longer be appointed or ex officio directors of the company. Upon the payment, the remaining directors elected by the policyholders shall appoint directors to fill the six positions vacated as provided in this subdivision until the next annual meeting when an election of replacement directors by the members can be conducted. On or before one year after payment by the company of the $3,000,000, as provided in this subdivision, if made, the company shall pay its remaining principal obligation to the state, together with any accrued interest. Without limiting the foregoing, as of the date the state fund mutual insurance company files restated articles of incorporation with the commissioner of commerce after full repayment, chapter 176A shall be of no further force or effect. Upon repayment in full, the state fund mutual insurance company shall be a duly formed domestic mutual insurance company owned, operated, and regulated to the same extent and in the same manner as any other insurer organized under the laws of this state, and with all the powers, privileges and rights thereof, without the necessity of reincorporation, relicensure, or

requalification, and without any limitation of or to its powers by reason of its status, origin, funding, or governance before repayment in full.

Sec. 74. [270.059] [REVENUE DEPARTMENT SERVICE AND RECOVERY SPECIAL REVENUE FUND.]

A revenue department service and recovery special revenue fund is created for the purpose of recovering the costs of furnishing public government data and related services or products, as well as recovering costs associated with collecting local taxes on sales. All money collected under this section is deposited in the revenue department service and recovery special revenue fund. Money in the fund is appropriated to the commissioner of revenue to reimburse the department of revenue for the costs incurred in administering the tax law or providing the data, service, or product.

Sec. 75. [270.74] [FINANCIAL TRANSACTION CARDS; PAYMENT OF STATE TAXES.]

(a) The commissioner of revenue may allow taxpayers to use financial transaction cards, as defined in section 325G.02, subdivision 2, to pay any of the following which are payable to the commissioner: (1) state taxes; (2) estimated tax deposits; (3) penalties; (4) interest; (5) additions to taxes; and (6) fees.

(b) The commissioner may impose a fee on each transaction under paragraph (a). The fee is equal to the fee the commissioner is required to pay for the taxpayer's use of the financial transaction card. This fee must be deposited in the general fund and is appropriated to the commissioner for the purpose of paying the transaction card fee.

(c) The types of financial transaction cards that will be accepted shall be determined solely by the commissioner. The selection of transaction card vendors shall be made through a request for proposals process. Before issuing a request for proposals, the commissioner shall review the request for proposals and any specifications with the commissioner of finance and the state treasurer. The commissioner shall select the transaction card vendors from among those which meet the operational and cost requirements of the department of revenue. The commissioner may limit the number of different types of financial transaction cards that will be accepted.

(d) If the commissioner allows taxpayers to pay taxes with financial transaction cards, the commissioner shall report quarterly on the status of this program to the chairs of the house tax and appropriations committees and the chairs of the senate tax and finance committees.

Sec. 76. Minnesota Statutes 1990, section 271.06, subdivision 4, is amended to read:

Subd. 4. [APPEAL FEE.] At the time of filing the notice of appeal the appellant shall pay to the court administrator of the tax court an appeal fee of ~~$25~~ $50; provided, that no appeal fee shall be required of the commissioner of revenue, the attorney general, the state or any of its political subdivisions. In small claims division, the appeal fee shall be ~~$2~~ $5. The provisions of chapter 563, providing for proceedings in forma pauperis, shall also apply for appeals to the tax court.

Sec. 77. Minnesota Statutes 1990, section 271.19, is amended to read:

271.19 [COSTS AND DISBURSEMENTS.]

Upon the determination of any appeal under this chapter before the tax court, or of any review hereunder by the supreme court, the costs and disbursements ~~may~~ shall be taxed and allowed in favor of the prevailing party and against the losing party as in civil actions. In any case where a person liable for a tax or other obligation has lost an appeal or review instituted by the person, and the tax court or court shall determine that the person instituted the same merely for the purposes of delay, or that the taxpayer's position in the proceedings is frivolous, additional costs, commensurate with the expense incurred and services performed by the agencies of the state in connection with the appeal, but not exceeding $5,000 in any case, may be allowed against the taxpayer, in the discretion of the tax court or court. Costs and disbursements allowed against any such person shall be added to the tax or other obligation determined to be due, and shall be payable therewith. To the extent described in section 3.761, where an award of costs and attorney fees is authorized under section 3.762, the costs and fees shall be allowed against the state, including expenses incurred by the taxpayer to administratively protest or appeal to the department of revenue the order, decision, or report of the commissioner that is the subject of the tax court proceedings. Costs and disbursements allowed against the state or other public agencies shall be paid out of funds received from taxes or other obligations of the kind involved in the proceeding, or other funds of the agency concerned appropriated and available therefor. Witnesses in proceedings under this chapter shall receive like fees as in the district court, to be paid in the first instance by the parties by whom the witnesses were called, and to be taxed and allowed as herein provided.

Sec. 78. Minnesota Statutes 1990, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST AND SALARY ASSUMPTIONS.] For funds governed by chapters 3A, 352, 352B, 352C, 353, 353C, 354

other than the variable annuity fund governed by section 354.62, and 490, the actuarial valuation shall use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year. For funds governed by chapter 354A, the actuarial valuation shall use preretirement and postretirement assumptions of 8.5 percent and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year, but the actuarial valuation shall reflect the payment of postretirement adjustments to retirees shall be based on the methods specified in the bylaws of the fund as approved by the legislature. For a fund governed by chapter 422A, the actuarial valuation shall use a preretirement interest assumption of six percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.04 multiplied by the salary for the preceding year. For all other funds, the actuarial valuation shall use a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year.

For funds governed by chapters 3A, 352C, and 490, the actuarial valuation shall use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of five percent, and an assumption that in each future year in which the salary amount payable is not determinable from section 3.099, 15A.081, subdivision 6, or 15A.083, subdivision 1, whichever is applicable, or from applicable compensation council recommendations under section 15A.082, the salary on which a retirement or other benefit is based is 1.065 multiplied by the known or computed salary for the preceding year, whichever is applicable.

Sec. 79. Minnesota Statutes 1990, section 356.215, subdivision 4g, is amended to read:

Subd. 4g. [AMORTIZATION CONTRIBUTIONS.] In addition to the exhibit indicating the level normal cost, the actuarial valuation shall contain an exhibit indicating the additional annual contribution which would be required to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 353C, 354, 354A, and 490, the additional contribution shall be calculated on a level percentage of covered payroll basis by the established date for full funding which is in effect when the valuation is prepared. The level percent additional contribution shall be calculated assuming annual payroll growth of 6.5 percent. For all other funds, the additional annual contribution shall be calculated on a level annual dollar amount basis.

If, for any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation shall be the first actuarial valuation date which occurs after June 1, 2020.

If, for any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding shall be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund shall be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, which is needed to amortize the unfunded actuarial accrued liability amount determined pursuant to subclause (i) by the established date for full funding in effect prior to the change shall be calculated using the interest assumption specified in subdivision 4d in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund shall be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, which is needed to amortize the difference between the unfunded actuarial accrued liability amount calculated pursuant to subclause (i) and the unfunded actuarial accrued

liability amount calculated pursuant to subclause (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective shall be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution pursuant to subclause (iv) shall be added to the level annual dollar amortization contribution or level percentage calculated pursuant to subclause (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in subclause (iii) will be amortized by the total level annual dollar or level percentage amortization contribution computed pursuant to subclause (v) shall be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the nearest integral number of years, but which shall not exceed a period of 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and which shall not be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined pursuant to subclause (vi) shall be added to the date as of which the actuarial valuation was prepared and the date obtained shall be the new established date for full funding.

For the Minneapolis employees retirement fund, the established date for full funding shall be June 30, ~~2017~~ 2020.

Sec. 80. [356.865] [SUPPLEMENTAL BENEFIT; LUMP SUM PAYMENTS; MINNEAPOLIS EMPLOYEES RETIREMENT FUND.]

Subdivision 1. [ENTITLEMENT.] Any person who is receiving either an annuity that was computed under the laws in effect before March 5, 1974, or a "$2 bill and annuity" annuity from the Minneapolis employees retirement fund is entitled to receive a supplemental benefit lump sum payment from the retirement fund in the amount specified in subdivision 2.

Subd. 2. [AMOUNT OF PAYMENT.] (a) For any person receiving an annuity or benefit on November 30, 1991, and entitled to receive a supplemental benefit lump sum payment under subdivision 1, the payment is $28 for each full year of allowable service credited to the person by the retirement fund.

In 1992 and each following year, each eligible benefit recipient shall receive the amount received in the preceding year increased by the same percentage applied on the most recent January 1 to regular annuities paid from the Minneapolis employees retirement fund.

(b) The payment provided for in this section is payable on December 1, 1991, to those persons receiving an annuity or benefit on November 30, 1991. In subsequent years, the payment must be made on December 1 to those persons receiving an annuity or benefit on the preceding November 30. This section does not authorize payment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. Notwithstanding section 356.18, the payment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that it not be paid.

Subd. 3. [COST.] The cost of the payments made under this section is the responsibility of the state. The annual amortization amount must be added to the annual state contribution amount determined under section 422A.101, subdivision 3, effective July 1, 1991.

Sec. 81. Minnesota Statutes 1990, section 357.24, is amended to read:

357.24 [CRIMINAL CASES.]

Witnesses for the state in criminal cases shall receive the same fees for travel and attendance as provided in section 357.22, and judges may, in their discretion, allow like fees to witnesses attending in behalf of any defendant. In addition these witnesses shall receive reasonable expenses actually incurred for meals, loss of wages and child care, not to exceed $40 per day. ~~In courts these witness fees shall be certified and paid in the same manner as jurors.~~ The compensation and reimbursement shall be paid out of the county treasury.

Sec. 82. Minnesota Statutes 1990, section 363.121, is amended to read:

363.121 [DEPARTMENT ATTORNEY.]

(a) The attorney general shall be the attorney for the department. When a matter has been referred to the attorney general by the commissioner after a finding of probable cause or for the purpose of interim relief, communications between members of the attorney general's office and charging parties or members of a class formed pursuant to section 363.06, subdivision 4, clause (6), are privileged as would be a communication between an attorney and a client.

(b) The department of human rights may not be charged by the attorney general for legal representation on behalf of complaining parties who have filed a charge of discrimination with the department. This paragraph is effective retroactive to July 1, 1989. The department does not have an obligation to pay for any services rendered by the attorney general since July 1, 1985, in excess of the amounts already paid for those services.

Sec. 83. Minnesota Statutes 1990, section 422A.05, is amended by adding a subdivision to read:

Subd. 2e. [STANDING; PARTIES.] In addition to other parties with claims under statute or the common law, the state and a political subdivision that helps to finance a plan have standing to sue on behalf of all taxpayers and the plan beneficiaries for an alleged breach of fiduciary duty. If a suit is brought by the state or a political subdivision under this subdivision, no separate suit regarding the same claims on behalf of taxpayers of the state or a political subdivision or of beneficiaries may be allowed, and any suit then pending on behalf of taxpayers of the state or a political subdivision or of beneficiaries must be dismissed unless the court determines that its dismissal would prejudice or limit the rights or claims of the taxpayers or beneficiaries. Nothing in this subdivision precludes suits by both the state and an affected political subdivision or suits by the retirement board on behalf of one or more of the funds.

Sec. 84. Minnesota Statutes 1990, section 422A.05, is amended by adding a subdivision to read:

Subd. 2f. [ATTORNEY FEES.] The court shall award reasonable attorney fees and costs of litigation, in addition to damages and other relief, in a suit where a breach of fiduciary duty is found under subdivision 2a or chapter 356A.

Sec. 85. Minnesota Statutes 1990, section 422A.101, is amended to read:

422A.101 [PREPARATION OF FINANCIAL REQUIREMENTS OF FUND; EMPLOYER CONTRIBUTIONS.]

Subdivision 1. [FINANCIAL REQUIREMENTS OF FUND.] Prior to August 31 annually, the retirement board, in consultation with the commission-retained actuary, shall prepare an itemized statement of the financial requirements of the fund for the succeeding fiscal year. A copy of the statement shall be submitted to the city council, the board of estimate and taxation of the city, the managing board or chief administrative officer of each city owned public utility, improvement project or municipal activity supported in whole or in part by revenues other than real estate taxes, public corporation, or unit of metropolitan government employing members of the fund,

the board of special school district No. 1, and the state commissioner of finance prior to September 15 annually. The statement shall be itemized and shall include the following:

(1) an estimate of the administrative expenses of the fund for the following year, which shall be determined by multiplying the figure for administrative expenses as reported in the most recent actuarial valuation prepared by the commission-retained actuary by the factor of 1.035;

(2) an estimate of the normal cost of the fund expressed as a dollar amount, which shall be determined by applying the normal cost of the fund as reported in the most recent actuarial valuation prepared by the commission-retained actuary and expressed as a percentage of covered payroll to the estimated total covered payroll of all employees covered by the fund for the following year;

(3) an estimate of the contribution required to amortize on a level annual dollar basis the unfunded actuarial accrued liability of the fund by June 30, ~~2017~~ 2020, using an interest rate of ~~five~~ six percent compounded annually as reported in the most recent actuarial valuation, prepared by the commission-retained actuary expressed as a dollar amount. In determining the amount of the unfunded actuarial accrued liability of the fund, all assets other than the assets of the retirement benefit fund shall be valued as current assets as defined under section 356.215, subdivision 1, clause (5), and the assets of the retirement benefit fund shall be valued equal to the actuarially determined required reserves for benefits payable from that fund;

(4) the amount of any deficiency in the actual amount of any employer contribution provided for in this section when compared to the required contribution amount certified for the previous year, plus interest on the amount at the rate of six percent per annum.

Subd. 1a. [CITY CONTRIBUTIONS.] Prior to August 31 of each year, the retirement board shall prepare an itemized statement of the financial requirements of the fund payable by the city for the succeeding fiscal year, and a copy of the statement shall be submitted to the board of estimate and taxation and to the city council by September 15. The financial requirements of the fund payable by the city shall be calculated as follows:

(a) a regular employer contribution of an amount equal to the percentage rounded to the nearest two decimal places of the salaries and wages of all employees covered by the retirement fund which equals the difference between the level normal cost plus administrative cost as reported in the annual actuarial valuation prepared by the commission-retained actuary and the employee contributions provided for in section 422A.10 less any amounts contributed toward the payment of the balance of the normal cost not paid by employee

contributions by any city owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, or by special school district No. 1 pursuant to subdivision 2;

(b) an additional employer contribution of an amount equal to the percent specified in section 353.27, subdivision 3a, clause (a), multiplied by the salaries and wages of all employees covered by the retirement fund less any amounts contributed toward amortization of the unfunded actuarial accrued liability by June 30, ~~2017~~ 2020, attributable to their respective covered employees by any city owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, or by special school district No. 1 pursuant to subdivision 2; and

(c) a proportional share of an additional employer amortization contribution of an amount equal to $3,900,000 annually until June 30, ~~2017~~ 2020, based upon the share of the fund's unfunded actuarial accrued liability attributed to the city as disclosed in the annual actuarial valuation prepared by the commission-retained actuary.

The city council shall, in addition to other taxes levied by the city, annually levy a tax equal to the amount of the financial requirements of the fund which are payable by the city. The tax, when levied, shall be extended upon the county lists and shall be collected and enforced in the same manner as other taxes levied by the city. If the city does not levy a tax sufficient to meet the requirements of this subdivision, the retirement board shall submit the tax levy statement directly to the county auditor, who shall levy the tax. The tax, when levied, shall be extended upon the county lists and shall be collected and paid into the city treasury to the credit of the retirement fund. Any amount to the credit of the retirement fund shall constitute a special fund and shall be used only for the payment of obligations authorized pursuant to this chapter.

Subd. 2. [CONTRIBUTIONS BY OR FOR CITY-OWNED PUBLIC UTILITIES, IMPROVEMENTS, OR MUNICIPAL ACTIVITIES.] Contributions by or for any city-owned public utility, improvement project, and other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, special school district No. 1, or Hennepin county, on account of any employee covered by the fund, shall be calculated as follows:

(a) a regular employer contribution of an amount equal to the percentage rounded to the nearest two decimal places of the salaries and wages of all employees of the employing unit covered by the retirement fund which equals the difference between the level

normal cost plus administrative cost reported in the annual actuarial valuation prepared by the commission-retained actuary and the employee contributions provided for in section 422A.10;

(b) an additional employer contribution of an amount equal to the percent specified in section 353.27, subdivision 3a, clause (a), multiplied by the salaries and wages of all employees of the employing unit covered by the retirement fund;

(c) a proportional share of an additional employer amortization contribution of an amount equal to $3,900,000 annually until June 30, ~~2017~~ 2020, based upon the share of the fund's unfunded actuarial accrued liability attributed to the employer as disclosed in the annual actuarial valuation prepared by the commission-retained actuary.

The city council or any board or commission may, by proper action, provide for the inclusion of the cost of the retirement contributions for employees of any city-owned public utility or for persons employed in any improvement project or other municipal activity supported in whole or in part by revenues other than taxes who are covered by the retirement fund in the cost of operating the utility, improvement project, or municipal activity. The cost of retirement contributions for these employees shall be determined by the retirement board and the respective governing bodies having jurisdiction over the financing of these operating costs.

The cost of the employer contributions on behalf of employees of special school district No. 1 who are covered by the retirement fund shall be the obligation of the school district. Contributions by the school district to the retirement fund or any other public pension or retirement fund of which its employees are members must be remitted to the fund each month. An amount due and not transmitted begins to accrue interest at the rate of six percent compounded annually 15 days after the date due. The retirement board shall prepare an itemized statement of the financial requirements of the fund payable by the school district, which shall be submitted prior to September 15. Contributions by the school district shall be made at times designated by the retirement board. The school district may levy for its contribution to the retirement fund only to the extent permitted pursuant to section 275.125, subdivision 6a.

The cost of the employer contributions on behalf of elective officers or other employees of Hennepin county who are covered by the retirement fund pursuant to section 422A.09, subdivision 3, clause (2), 422A.22, subdivision 2, or 488A.115, or Laws 1973, chapter 380, section 3, Laws 1975, chapter 402, section 2, or any other applicable law shall be the obligation of Hennepin county. The retirement board shall prepare an itemized statement of the financial requirements of the fund payable by Hennepin county, which shall be submitted prior to September 15. Contributions by Hennepin county

shall be made at times designated by the retirement board. Hennepin county may levy for its contribution to the retirement fund.

Subd. 2a. [CONTRIBUTIONS BY METROPOLITAN AIRPORT COMMISSION AND METROPOLITAN WASTE CONTROL COMMISSION.] The metropolitan airport commission and the waste control commission shall pay to the Minneapolis employees retirement fund annually in installments as specified in subdivision 3 the share of the additional support rate required for full amortization of the unfunded actuarial accrued liabilities by June 30, ~~2017~~ 2020, that is attributable to airport commission or waste control commission employees who are members of the fund. The amount of the payment shall be determined ~~utilizing the most~~ as if the airport and waste control commissions' employer contributions determined under subdivision 2 had also included a proportionate share of a $1,000,000 annual employer amortization contribution. The amount of this $1,000,000 annual employer amortization contribution that would have been allocated to each commission would have been based on the share of the fund's unfunded actuarial accrued liability attributed to each commission compared to the total unfunded actuarial accrued liability attributed to all employers under subdivisions 1a and 2. The determinations required under this subdivision must be based on the most recent actuarial valuation prepared by the actuary retained by the legislative commission on pensions and retirement.

Subd. 3. [STATE CONTRIBUTIONS.] (a) The state shall pay to the Minneapolis employees retirement fund annually an amount equal to the financial requirements of the Minneapolis employees retirement fund reported in the actuarial valuation of the fund prepared by the commission-retained actuary pursuant to section 356.215 for the most recent year but based on a target date for full amortization of the unfunded actuarial accrued liabilities by June 30, ~~2017~~ 2020, less the amount of employee contributions required pursuant to section 422A.10, and the amount of employer contributions required pursuant to subdivisions 1a, 2, and 2a. Payments shall be made in four equal installments, occurring on March 15, July 15, September 15, and November 15 annually. The annual state contribution under this subdivision may not exceed $10,955,000 plus the cost of the annual supplemental benefit determined under section 356.865.

(b) If the amount determined under paragraph (a) exceeds the limitation on the state payment in paragraph (a), the excess must be allocated to and paid to the fund by the employers identified in subdivisions 1a and 2, other than units of metropolitan government. Each employer's share of the excess is proportionate to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in the annual actuarial valuation prepared by the actuary retained by the legislative commission on pensions and retirement compared to the total unfunded actuarial accrued liability attrib-

uted to all employers identified in subdivisions 1a and 2, other than units of metropolitan government. Payments must be made in equal installments as set forth in paragraph (a).

Subd. 4. [ADDITIONAL EMPLOYER CONTRIBUTION IN CERTAIN INSTANCES.] If assets in the deposit accumulation fund are insufficient to make a transfer to the retirement benefit fund, the city of Minneapolis shall pay the amount of that insufficiency to the retirement benefit fund within three days of certification of the insufficiency by the executive director of the fund. The city of Minneapolis may bill any other participating employing unit other than the state for its proportion of the amount paid.

Sec. 86. Minnesota Statutes 1990, section 422A.17, is amended to read:

422A.17 [RETIREMENT ALLOWANCE; OPTIONS.]

At retirement, any employee who is eligible to receive a service allowance may elect to receive benefits in a retirement allowance payable throughout life or may on retirement elect to receive the actuarial equivalent at that time of annuity, pension, or retirement allowance in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provisions that:

Option I. If the benefit recipient dies before receiving in payments an amount equal to the present value of the benefit recipient's annuity, pension, or retirement allowance, as of the date of the benefit recipient's retirement, the balance shall be paid to the benefit recipient's legal representatives or to such person, having an insurable interest in the benefit recipient's life, as the benefit recipient shall nominate by written designation duly acknowledged and filed with the retirement board as of the date of retirement, or

Option II. Upon the death of the benefit recipient, the benefit recipient's annuity, pension, or retirement allowance shall be continued throughout the life of and paid to the person, having an insurable interest in the benefit recipient's life, as the benefit recipient shall nominate by written designation duly acknowledged and filed with the retirement board as of the date of retirement, or

Option III. Upon death of the benefit recipient, one-half of the benefit recipient's annuity, pension, or retirement allowance shall be continued throughout the life of and paid to the person, having an insurable interest in the benefit recipient's life, as the benefit recipient shall nominate by written designation duly acknowledged and filed with the retirement board as of the date of retirement, or

Option IV. Other optional retirement allowance forms, including a

joint and survivor option under which the benefit recipient receives a normal single-life annuity if the designated optional annuity beneficiary dies before the benefit recipient, shall be paid to the benefit recipient or other person or persons the benefit recipient nominates, provided that the optional annuity is of equivalent actuarial value to the applicable single life annuity calculated under section 422A.15 and is approved by the retirement board.

Any optional retirement allowance shall be computed and determined under a procedure specified by the commission-retained actuary utilizing the appropriate mortality table established by the board of trustees based on the experience of the fund as recommended by the commission-retained actuary and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 4d.

In adopting optional annuity forms, the board of trustees shall obtain the written recommendation of the commission-retained actuary. The recommendations shall be a part of the permanent records of the board of trustees.

Sec. 87. Minnesota Statutes 1990, section 422A.23, subdivision 2, is amended to read:

Subd. 2. Upon the death of a contributing member after having been in the city service not less than 18 months but before the effective date of retirement, the board shall in lieu of the settlement hereinbefore provided pay to the surviving spouse and/or children of the member under the age of 18, or under the age of 22 if a full-time student at an accredited school, college or university, and single, the following monthly benefit:

(a) Surviving spouse $325 per month, except for benefits beginning after July 1, 1983, which shall be 30 percent of member's average salary in effect over the last six months of allowable service preceding the month in which the death occurred.

(b) Each surviving child $150 per month, except for benefits beginning after July 1, 1983, which shall be ten percent of the member's average salary in effect over the last six months of allowable service preceding the month in which the death occurred. Payments for the benefit of any child under the age of 18 years shall be made to the surviving parent, or if there be none, to the legal guardian of such child. The maximum monthly benefit shall not exceed a total of $750.

(c) Effective for payments made after June 30, 1991, surviving spouse and surviving child benefits under paragraphs (a) and (b) beginning on or before July 1, 1983, are increased to $500 per month and $225 per month, respectively. The maximum monthly payment under paragraph (b) is increased to $900. The increased cost

resulting from the benefit increases in this paragraph must be allocated to each employing unit listed in section 422A.101, subdivisions 1a, 2, and 2a, on the basis of the additional accrued liability resulting from increased benefits paid to the survivors of employees from that unit.

Sec. 88. [TEMPORARY OPTION.]

Notwithstanding any law to the contrary, a retired member of the Minneapolis employees retirement fund with a living designated optional annuity recipient may select a joint and survivor option under which the retired member will receive a normal single-life annuity if the designated recipient dies before the retired member. This optional annuity must be the actuarial equivalent of the joint and survivor annuity option existing at the time this option is selected. This option must be exercised before July 1, 1992, according to procedures specified by the board of the Minneapolis employees retirement fund.

Sec. 89. [471.975] [PAYMENT OF SALARY DIFFERENTIAL FOR RESERVE FORCES ON ACTIVE DUTY.]

A statutory or home rule charter city, county, town, school district, or other political subdivision may pay to each eligible member of the reserve components of the armed forces of the United States an amount equal to the difference between the member's active duty military salary and the salary the member would be paid as an active political subdivision employee, including any adjustments the member would have received if not on leave of absence. Payments must be made at the intervals at which the member received pay as a political subdivision employee. Back pay authorized by this section may be paid in a lump sum. Such pay shall not extend beyond four years from the date the employee was called to active duty plus such additional time in each case as such employee may be required to serve pursuant to law.

An eligible member of the reserve components of the armed forces of the United States is a reservist or National Guard member who was an employee of a political subdivision at the time the member was called to active duty and who was or is called to active duty after August 1, 1990, because of Operation Desert Shield, Operation Desert Storm, or any other action taken by the armed forces relating to hostilities between the United States and the Republic of Iraq.

Sec. 90. Minnesota Statutes 1990, section 474A.03, is amended by adding a subdivision to read:

Subd. 4. [APPLICATION FEE.] Every entitlement issuer and other issuer shall pay to the department a nonrefundable application fee to offset the state cost of program administration. The application fee shall be $100 for each $500,000 of entitlement or

allocation requested, provided that each request shall be rounded to the nearest $500,000. The minimum fee shall be $100. Fees received by the department shall be deposited to the general fund.

Sec. 91. Minnesota Statutes 1990, section 480.181, is amended by adding a subdivision to read:

Subd. 5. [COUNTY TO STATE FUNDING.] Whenever a group of court employees is transferred from county to state funding, the provisions of this section shall apply.

Sec. 92. Minnesota Statutes 1990, section 480.24, subdivision 3, is amended to read:

Subd. 3. [QUALIFIED LEGAL SERVICES PROGRAM.] "Qualified legal services program" means a nonprofit corporation which provides or proposes to provide legal services to eligible clients in civil matters and which is governed by a board of directors composed of attorneys-at-law and consumers of legal services. A qualified legal services program includes farm legal assistance providers that have a proven record of delivery of effective, high-quality legal assistance and have demonstrated experience and expertise in addressing legal issues affecting financially distressed family farmers throughout the state.

Sec. 93. Minnesota Statutes 1990, section 480.242, subdivision 2, is amended to read:

Subd. 2. [REVIEW OF APPLICATIONS; SELECTION OF RECIPIENTS.] At times and in accordance with any procedures as the supreme court adopts in the form of court rules, applications for the expenditure of civil legal services funds shall be accepted from qualified legal services programs or from local government agencies and nonprofit organizations seeking to establish qualified alternative dispute resolution programs. The applications shall be reviewed by the advisory committee, and the advisory committee, subject to review by the supreme court, shall distribute the funds received pursuant to section 480.241, subdivision 2, to qualified legal services programs or to qualified alternative dispute resolution programs submitting applications. ~~Subject to the provisions of subdivision 4,~~ The funds shall be distributed in accordance with the following formula:

(a) Eighty-five percent of the funds distributed shall be distributed to qualified legal services programs that have demonstrated an ability as of July 1, 1982, to provide legal services to persons unable to afford private counsel with funds provided by the federal Legal Services Corporation. The allocation of funds among the programs selected shall be based upon the number of persons with incomes below the poverty level established by the United States Census Bureau who reside in the geographical area served by each program,

as determined by the supreme court on the basis of the ~~1980~~ most recent national census. All funds distributed pursuant to this clause shall be used for the provision of legal services in civil and farm legal assistance matters as prioritized by program boards of directors to eligible clients.

(b) Fifteen percent of the funds distributed may be distributed (1) to other qualified legal services programs for the provision of legal services in civil matters to eligible clients, including programs which organize members of the private bar to perform services and programs for qualified alternative dispute resolution, ~~or~~ (2) to programs for training mediators operated by nonprofit alternative dispute resolution corporations. ~~Grants may be made pursuant to this clause only until June 30, 1987.~~, or (3) to qualified legal services programs to provide family farm legal assistance for financially distressed state farmers. The family farm legal assistance must be directed at farm financial problems including, but not limited to, liquidation of farm property including bankruptcy, farm foreclosure, repossession of farm assets, restructuring or discharge of farm debt, farm credit and general debtor-creditor relations, and tax considerations. If all the funds to be distributed pursuant to this clause cannot be distributed because of insufficient acceptable applications, the remaining funds shall be distributed pursuant to clause (a).

A person is eligible for legal assistance under this section if the person is an eligible client as defined in section 480.24, subdivision 2, or:

(1) is a state resident;

(2) is or has been a farmer or a family shareholder of a family farm corporation within the preceding 24 months;

(3) has a debt-to-asset ratio greater than 50 percent;

(4) has a reportable federal adjusted gross income of $15,000 or less in the previous year; and

(5) is financially unable to retain legal representation.

Qualifying farmers and small business operators whose bank loans are held by the Federal Deposit Insurance Corporation are eligible for legal assistance under this section.

Sec. 94. Minnesota Statutes 1990, section 480.242, is amended by adding a subdivision to read:

Subd. 5. [PERMISSIBLE FAMILY FARM LEGAL ASSISTANCE ACTIVITIES.] Qualified legal services programs that receive funds

under the provisions of subdivision 2 may provide the following types of farm legal assistance activities:

(1) legal backup and research support to attorneys throughout the state who represent financially distressed farmers;

(2) direct legal advice and representation to eligible farmers in the most effective and efficient manner, giving special emphasis to enforcement of legal rights affecting large numbers of farmers;

(3) legal information to individual farmers;

(4) general farm related legal education and training to farmers, private attorneys, legal services staff, state and local officials, state-supported farm management advisors, and the public;

(5) an incoming, statewide, toll-free telephone line to provide the advice and referral described in this subdivision; and

(6) legal advice and representation to eligible persons whose bank loans are held by the Federal Deposit Insurance Corporation.

Sec. 95. Minnesota Statutes 1990, section 481.10, is amended to read:

481.10 [CONSULTATION WITH PERSONS RESTRAINED.]

All officers or persons having in their custody a person restrained of liberty upon any charge or cause alleged, except in cases where imminent danger of escape exists, shall admit any resident attorney retained by or in behalf of the person restrained, or whom the restrained person may desire to consult, to a private interview at the place of custody. Such custodians, upon request of the person restrained, as soon as practicable, and before other proceedings shall be had, shall notify any attorney residing in the county of the request for a consultation with the attorney. Reasonable telephone access to the attorney shall be provided to the person restrained at no charge to the attorney or to the person restrained. Every officer or person who shall violate any provision of this section shall be guilty of a misdemeanor and, in addition to the punishment prescribed therefor shall forfeit $100 to the person aggrieved, to be recovered in a civil action.

Sec. 96. Minnesota Statutes 1990, section 590.05, is amended to read:

590.05 [INDIGENT PETITIONERS.]

A person financially unable to obtain counsel who desires to pursue the remedy provided in section 590.01 ~~is entitled to be~~

~~represented~~ may apply for representation by the state public defender. The state public defender shall ~~be appointed to~~ represent such person ~~pursuant to~~ under the applicable provisions of ~~Minnesota Statutes 1965~~, sections 611.14 to 611.29, if the person has not already had a direct appeal of the conviction. The state public defender may represent, without charge, all other persons pursuing a postconviction remedy under section 590.01, who are financially unable to obtain counsel.

Sec. 97. Minnesota Statutes 1990, section 593.48, is amended to read:

593.48 [COMPENSATION OF JURORS AND TRAVEL REIMBURSEMENT.]

A juror shall be reimbursed for roundtrip travel between the juror's residence and the place of holding court at a rate ~~of 15 to 24 cents per mile~~ determined by the supreme court, and shall be compensated at a rate of $15 for each day of required attendance at sessions of the court. Except in the eighth judicial district where the state shall pay directly, the compensation and reimbursement shall be paid out of the county treasury upon receipt of authorization to pay from the jury commissioner. These jury costs shall be reimbursed monthly by the supreme court upon submission of an invoice by the county treasurer. A monthly report of payments to jurors shall be sent to the jury commissioner within two weeks of the end of the month in the form required by the jury commissioner.

Sec. 98. Minnesota Statutes 1990, section 609.101, subdivision 1, is amended to read:

Subdivision 1. [SURCHARGES AND ASSESSMENTS.] (a) 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.

(b) In addition to the assessments in paragraph (a), the court shall assess the following surcharges after a person is convicted:

(1) for a person charged with a felony or gross misdemeanor, $25;

(2) for a person charged with a misdemeanor other than a traffic, parking, or local ordinance violation, $10; and

(3) for a person charged with a local ordinance violation other than a parking or traffic violation, $5.

The surcharge must be assessed for the original charge, whether or not it is subsequently reduced. A person charged on more than one count may be assessed only one surcharge under this paragraph, but must be assessed for the most serious offense. This paragraph applies whether or not the person is sentenced to imprisonment and when the sentence is suspended.

(c) The court may 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.

(d) If the court fails to waive or impose an assessment required by ~~this section~~ paragraph (a), 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 ten percent of the fine. If the court fails to waive or impose an assessment required by paragraph (b), the court administrator shall correct the record to show imposition of the assessment described in paragraph (b).

(e) 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~~ assessments or ~~surcharge~~ surcharges and the commissioner shall credit all money so forwarded to the general fund.

(f) 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.

Sec. 99. Minnesota Statutes 1990, section 611.14, is amended to read:

611.14 [RIGHT TO REPRESENTATION BY PUBLIC DEFENDER.]

The following persons who are financially unable to obtain counsel~~, shall be~~ are entitled to be represented by a public defender:

~~(a)~~ (1) a person charged with a felony or gross misdemeanor, including a person charged ~~pursuant to~~ under sections 629.01 to 629.29;

~~(b)~~ (2) a person appealing from a conviction of a felony or gross misdemeanor, or a person convicted of a felony or gross misdemeanor who is pursuing a postconviction proceeding, ~~after the time for appeal from the judgment has expired~~ and who has not already had a direct appeal of the conviction;

~~(c)~~ (3) a person who is entitled to be represented by counsel ~~pursuant to the provisions of~~ under section 609.14, subdivision 2;

~~(d)~~ (4) a minor who is entitled to be represented by counsel ~~pursuant to the provisions of~~ under section 260.155, subdivision 2, if the judge of the juvenile court concerned has requested and received the approval of a majority of the district court judges of the judicial district to utilize the services of the public defender in such cases, and approval of the compensation on a monthly, hourly, or per diem basis to be paid for such services ~~pursuant to~~ under section 260.251, subdivision 2, clause (c); or

~~(e)~~ (5) a person, entitled by law to be represented by counsel, charged with an offense within the trial jurisdiction of a municipal, county, or probate court, if the trial judge or a majority of the trial judges of the court concerned have requested and received approval of a majority of the district court judges of the judicial district to utilize the services of the public defender in such cases and approval of the compensation on a monthly, hourly, or per diem basis to be paid for such services by the county or municipality within the court's jurisdiction.

Sec. 100. Minnesota Statutes 1990, section 611.18, is amended to read:

611.18 [APPOINTMENT OF PUBLIC DEFENDER.]

If it appears to a court that a person requesting the appointment of counsel satisfies the requirements of this chapter, the court shall order the appropriate public defender to represent the person at all further stages of the proceeding through appeal, if any. For ~~those persons~~ a person appealing from a conviction, or a person pursuing a post conviction proceeding, ~~after the time for appeal has expired~~ and who has not already had a direct appeal of the conviction, the state public defender shall be appointed. For ~~all other persons~~ a person covered by section 611.14, clause (1), a district public defender shall be appointed to represent ~~them~~ that person. If (a) conflicting interests exist, (b) the district public defender for any other reason is unable to act, or (c) the interests of justice require, the state public defender may be ordered to represent a person. When the state public defender is directed by a court to represent a

defendant or other person, the state public defender may assign the representation to any district public defender. If at any stage of the proceedings, including an appeal, the court finds that the defendant is financially unable to pay counsel whom the defendant had retained, the court may appoint the appropriate public defender to represent the defendant, as provided in this section. Prior to any court appearance, a public defender may represent a person accused of violating the law, who appears to be financially unable to obtain counsel, and shall continue to represent the person unless it is subsequently determined that the person is financially able to obtain counsel. The representation may be made available at the discretion of the public defender, upon the request of the person or someone on the person's behalf. Any law enforcement officer may notify the public defender of the arrest of any such person.

Sec. 101. Minnesota Statutes 1990, section 611.25, subdivision 1, is amended to read:

Subdivision 1. [REPRESENTATION.] The state public defender shall represent, without charge, a defendant or other person appealing from a conviction ~~or pursuing a postconviction 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~~ of a felony or gross misdemeanor. The state public defender shall represent, without charge, a person convicted of a felony or gross misdemeanor who is pursuing a postconviction proceeding and who has not already had a direct appeal of the conviction. The state public defender may represent, without charge, all other persons pursuing a postconviction remedy under section 590.01, who are financially unable to obtain counsel. 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 the district public defender, appointed counsel, or an organization designated in section 611.216 in the performance of duties, including trial representation in matters involving legal conflicts of interest or other special circumstances, and assistance with legal research and brief preparation. When the state public defender is directed by a court to represent a defendant or other person, the state public defender may~~, with the court's approval,~~ assign the representation to any district public defender.

Sec. 102. Minnesota Statutes 1990, section 611.26, is amended by adding a subdivision to read:

Subd. 3a. (a) Notwithstanding subdivision 3 or any other law to the contrary, compensation and economic benefit increases for

district public defenders and assistant district public defenders under the state board of public defense are considered compensation as defined in subdivision 3. These increases are eligible increases that may be paid from state appropriations for salary supplements for state employees.

(b) Those budgets for district public defender services under the jurisdiction of the state board of public defense shall be eligible for adjustments to their base budgets in the same manner as other state agencies. In making biennial budget base adjustments, the commissioner of finance shall consider the budgets for district public defender services, as allocated by the state board of public defense, in the same manner as other state agencies.

Sec. 103. Minnesota Statutes 1990, section 611.26, subdivision 6, is amended to read:

Subd. 6. The district public defender shall represent, without charge, a defendant charged with a felony or a gross misdemeanor when so directed by the district court. In the second, third, fourth, sixth, and eighth districts only, the district public defender shall also represent a defendant charged with a misdemeanor when so directed by the district court and shall represent a minor in the juvenile court when so directed by the juvenile court.

Sec. 104. Minnesota Statutes 1990, section 611.26, is amended by adding a subdivision to read:

Subd. 9. Notwithstanding any other law to the contrary, district public defenders and assistant district public defenders, and their employees and their dependents, may elect to enroll in the appropriate life insurance, hospital, medical and dental benefits, and optional coverages of their respective host county, as designated by the state board of public defense under section 611.27, subdivision 2, at the time, in the manner, and under conditions of eligibility as established by the host county for its employees. The host county must provide for payroll deductions to be made in the same manner and under the same conditions as provided for an eligible county employee and the employee's dependents. Nothing in this subdivision obligates the state or county to payments in the absence of an appropriation for those purposes.

Sec. 105. Minnesota Statutes 1990, 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.

(b) A district public defender shall annually submit a comprehen-

sive budget to the state board of public defense. The budget shall be in compliance with standards and forms required by the board and must, at a minimum, include detailed substantiation as to all revenues and expenditures. 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.

Within ten days after an assistant district public defender is appointed, the district public defender shall certify to the state board of public defense the compensation that has been 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 court administrators and county budget officers for comment before the board's final approval of the budget. The board shall determine and certify to the respective county boards a final comprehensive budget for the office of the district public defender that includes all expenses. After the board determines the allocation of the state funds authorized pursuant to paragraph (e), the board shall apportion the expenses of the district public defenders among the several counties and each county shall pay its share in monthly installments. The county share is the proportion of the total expenses that the population in the county bears to the total population in the district as determined by the last federal census. If the district public defender or an assistant district public defender is temporarily transferred to a county not situated in that public defender's judicial district, said county shall pay the proportionate part of that public defender's expenses for the services performed in said county.

(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) Money appropriated to the state board of public defense for the board's administration, for the state public defender, for the judicial district public defenders, and for the public defense corporations shall be expended as determined by the board. In distributing funds to district public defenders, the board shall consider the geographic distribution of public defenders, the equity of compensation among the judicial districts, public defender caseloads, and the results of the weighted case load study.

Sec. 106. Minnesota Statutes 1990, section 611.27, subdivision 4, is amended to read:

Subd. 4. [COUNTY PORTION OF COSTS.] That portion of

subdivision 1 directing counties to pay the costs of public defense service shall not be in effect between July 1, ~~1990~~ 1991, and July 1, ~~1991~~ 1993. This subdivision only relates to costs associated with felony and gross misdemeanor public defense services and all public defense services in the second, third, fourth, sixth, and eighth judicial districts.

Sec. 107. Minnesota Statutes 1990, section 626.861, is amended by adding a subdivision to read:

Subd. 1a. [SURCHARGE.] In addition to the fees described in subdivision 1, the court shall assess the following surcharges after a person is convicted:

(1) for a traffic offense in violation of chapters 168 to 178 or equivalent local ordinances other than a fine or forfeiture for a violation of a local ordinance or other law relating to the parking of a vehicle, $10; and

(2) for a violation of a local ordinance or other law relating to the parking of a vehicle, $1.

The surcharge must be assessed for the original charge, whether or not it is subsequently reduced. A person charged on more than one count may be assessed only one surcharge under this subdivision, but must be assessed for the most serious offense.

The court shall collect and forward to the commissioner of finance the amounts assessed for deposit in the general fund.

Sec. 108. Minnesota Statutes 1990, section 643.29, subdivision 1, is amended to read:

Subdivision 1. ["GOOD CONDUCT" ALLOWANCE.] Any person sentenced for a term to any county jail, workhouse, or correctional work farm, whether the term is part of an executed sentence or as a condition of probation, shall diminish the term of the sentence five days for each month, commencing on the day of arrival, during which the person has not violated any rule or discipline of the place wherein the person is incarcerated and, if required to labor, has labored with diligence and fidelity.

Sec. 109. Laws 1989, chapter 335, article 1, section 7, is amended to read:

Sec. 7. BOARD OF PUBLIC DEFENSE	2,665,000	19,485,000

Approved Complement – 31

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.

$100,000 the first year is a one-time appropriation for the costs of the weighted case load study of the public defender system and public defense services.

$16,910,000 the second year is for the costs of ~~felony and gross misdemeanor~~ district public defense ~~services statewide and all public defense costs in the second and fourth judicial districts~~.

Takeover of the costs of public defense services shall be considered a part of the base level funding for the 1992-1993 biennium. Nothing in this act shall be construed to build into the base level for the 1992-1993 biennium any additional costs of the public defense system which have not been appropriated in this act.

Public defense obligations incurred by counties before July 1, 1990, remain the obligation of the counties and must be paid by the counties based on their population within the judicial district.

Sec. 110. Laws 1989, chapter 335, article 3, section 44, as amended by Laws 1990, chapter 604, article 9, section 13, is amended to read:

Sec. 44. [APPLICATION.]

Sections 45 to ~~54, except the parts of section 54, that by their terms have broader application,~~ 53 apply only in the eighth judicial district ~~for the period from January 1, 1990, to December 31, 1991~~.

~~Those parts of section 54, having broader application, apply statewide for the period from July 1, 1989, to December 31, 1991.~~

Sec. 111. Laws 1990, chapter 610, article 1, section 27, is amended to read:

Sec. 27. [MILITARY AFFAIRS.]

To the adjutant general to prepare plans for an education center at Camp Ripley 200,000

The adjutant general shall use the unencumbered balance from the appropriation in Laws 1984, chapter 597, section 9, paragraph (d), for the purposes stated in paragraph (d), and for the planning of a new armory and military affairs building. ~~The department of military affairs shall continue to occupy the veterans service building until the department has secured the federal funds and the legislature has acted on a governor's recommendation for funding of a new armory/military affairs building.~~

Sec. 112. [SBIR MARKETING AND TECHNICAL ASSISTANCE PROGRAM.]

Minnesota project innovation may establish a small business innovation research (SBIR) marketing and technical assistance program. Minnesota project innovation may conduct the following activities under the SBIR marketing and technical assistance program:

(1) market the federal SBIR grant program to scientists, engineers, and entrepreneurs;

(2) provide technical assistance to persons applying for federal SBIR grants;

(3) assist persons applying for federal SBIR grants with securing equity financing to commercialize new technologies; and

(4) provide technical assistance to persons in gaining access to technology developed through the efforts of the federal government.

Sec. 113. [FINDINGS.]

The legislature finds that the state of Minnesota faces immediate and serious financial problems. As a result, public employers may have insufficient resources to maintain their work forces at the

current level. The legislature determines that the public interest is best served if public employers' budgets can be balanced without layoffs of public employees. Section 114 is enacted as a temporary measure to help solve the financial crisis facing units of state and local government, while minimizing layoffs of public employees.

Sec. 114. [EMPLOYER-PAID HEALTH INSURANCE.]

Subdivision 1. [STATE EMPLOYEES.] A state employee, as defined in Minnesota Statutes, section 43A.02, subdivision 21, or an employee of the state university system, community college system, Minnesota state retirement system, the teachers retirement association, or the public employees retirement association, is eligible for state-paid hospital, medical, and dental benefits if the person:

(1) is eligible for state-paid insurance under Minnesota Statutes, section 43A.18, or other law;

(2) has at least 25 years of service in the state civil service as defined in Minnesota Statutes, section 43A.02, subdivision 10, or at least 25 years of service as an employee of the Minnesota state retirement system, the teachers retirement association, or the public employees retirement association or a combination of any two or more of them;

(3) upon retirement is immediately eligible for a retirement annuity;

(4) is at least 55 and not yet 65 years of age; and

(5) retires on or after July 1, 1991, and before October 1, 1991 or, in the case of an employee as described in Minnesota Statutes, section 43A.02, subdivisions 10 and 27, retires after January 1, 1991, and before May 20, 1991, with more than 30 years of service.

Subd. 2. [OTHER PUBLIC EMPLOYEES.] The University of Minnesota or the governing body of a city, county, school district, or other political subdivision of the state may provide employer-paid hospital, medical, and dental benefits to a person who:

(1) is eligible for employer-paid insurance under collective bargaining agreements or personnel plans in effect on the day before the effective date of this section;

(2) has at least 25 years of service with the employer who will pay for the benefits after retirement;

(3) upon retirement is immediately eligible for a retirement annuity;

(4) is at least 55 and not yet 65 years of age; and

(5) in the case of a school district employee, retires on or after May 20, 1991, and before July 21, 1991; and in the case of an employee of another employer in this subdivision, retires on or after July 1, 1991, and before October 1, 1991.

An employer that pays for insurance under this section may not exclude any eligible employees.

Subd. 3. [CONDITIONS; COVERAGE.] A state employee who is eligible both for the health insurance benefit under this section and for an employer-paid health insurance benefit provided as an early retirement incentive under a collective bargaining agreement or personnel plan established by the employer must choose between that early retirement incentive and the benefit provided under this section and may not have both. An employer under subdivision 2 may impose a similar restriction. No provision of a public pension plan is an early retirement incentive for purposes of this section. For purposes of this section, a person retires when the person terminates active employment and applies for retirement benefits. The retired employee is eligible for single and dependent coverages and employer payments to which the person was entitled at the time of retirement, subject to any changes in coverage and employer and employee payments through collective bargaining or personnel plans, for employees in positions equivalent to the position from which the employee retired. The retired employee is not eligible for employer-paid life insurance. Eligibility ceases when the retired employee attains the age of 65, or when the employee chooses not to receive the retirement benefits for which the employee has applied, or when the employee is eligible for employer-paid health insurance from a new employer. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program.

Subd. 4. [RULE OF 90.] An employee who retires under this section using the rule of 90 must not be included in the calculations required by Minnesota Statutes, section 356.85.

Subd. 5. [APPLICATION OF OTHER LAWS.] Unilateral implementation of this section by a public employer is not an unfair labor practice for purposes of chapter 179A. The authority provided in this section for an employer to pay health insurance costs for certain retired employees is not subject to the limits in section 179A.20, subdivision 2a.

Sec. 115. [DISTRICT PUBLIC DEFENDER BUDGETS.]

The board of public defense may only fund those items and services in district public defender budgets which were included in the original budgets of district public defender offices as of January

1, 1990. All other public defense related costs remain the responsibility of the counties unless the state specifically appropriates for these. The cost of additional state funding of these items and services must be offset by reductions in local aids in the same manner as the original state takeover.

Sec. 116. [DISTRICT PUBLIC DEFENDERS; REPORTING CASES.]

The state board of public defense shall adopt and implement a uniform system for reporting of hours and cases by district public defenders. District public defenders shall provide whatever assistance the board requires in order to implement this reporting system.

Sec. 117. [PUBLIC DEFENDER SERVICES; RESPONSIBILITY.]

Notwithstanding Minnesota Statutes, section 611.27, subdivision 4, the state's obligation for the costs of the public defender services is limited to the appropriations made to the board of public defense. Services and expenses beyond those appropriated for shall be the responsibility of the counties within a judicial district. Expenses shall be distributed on a pro rata basis. The providing of space and the associated costs in single county judicial districts shall be the responsibility of the individual county. The county shall continue to provide space in the same manner as for other county agencies.

Sec. 118. [PUBLIC DEFENSE COSTS; HENNEPIN COUNTY.]

Hennepin county has total and exclusive authority over the public defender system in the fourth judicial district. In exercising this authority, the county board shall:

(1) pay the total compensation and expenses of the system;

(2) regulate the appointment of, and the terms and conditions of employment of, the district public defender and other employees; and

(3) establish any other policies affecting the system or its employees the board considers appropriate.

This section supersedes any inconsistent provision of law.

The revisor of statutes shall, in consultation with the board of public defense, make the necessary changes to Minnesota Statutes to effectuate this section.

Sec. 119. [INTERNATIONAL PURCHASES; SALES AND USE TAX.]

The commissioner of revenue shall review federal customs declarations and make an effort to collect the amounts owed for sales and use tax on international purchases by travelers entering the state from international destinations. The commissioner shall report to the legislature no later than January 31, 1992, on the cost-effectiveness of this activity.

Sec. 120. [ENVIRONMENTAL ORGANIZATIONAL STUDY.]

Subdivision 1. [STUDY.] (a) The environmental quality board shall inventory and prepare a study, in conjunction with the SLAM-DUNK commission, of the state's environmental and natural resources agencies and programs and shall recommend an organizational structure to achieve the following goals:

(1) more efficient delivery of services;

(2) avoidance of duplication of functions;

(3) more effective use of human and fiscal resources; and

(4) better environmental management.

(b) The study should include, but not be limited to, consideration of an organization structure that:

(1) makes clear to the public and to regulated persons or entities which state agency is responsible for performance of a specified function;

(2) minimizes the number of different state agencies that a person or entity must deal with to satisfy state regulatory requirements;

(3) creates clear lines of accountability to the governor and the legislature;

(4) minimizes friction and undesirable competition among state agencies for authority and resources;

(5) permits overall goals of environmental management programs to be implemented effectively;

(6) simplifies administrative procedures and requirements; and

(7) encourages good working relationships with units of local government, regulated entities, environmental groups, and the general public.

Subd. 2. [REPORT.] The final report and recommendation is due February 1, 1992. The board must make progress reports to the chairs of the house and senate governmental operations and environment and natural resources committees each month from September 1991 to January 1992.

Sec. 121. [REPEALER.]

Subdivision 1. [PUBLIC DEFENSE.] Minnesota Statutes 1990, sections 611.215, subdivision 4; 611.261; 611.28; and 611.29, are repealed.

Subd. 2. [COURT ADMINISTRATION.] Laws 1989, chapter 335, article 3, section 54, as amended by Laws 1989, First Special Session chapter 1, article 5, section 47, and Laws 1990, chapter 604, article 9, section 14, is repealed.

Subd. 3. [BILLBACK.] Minnesota Statutes 1990, sections 3C.035, subdivision 2; 3C.056; 8.15; and 14.32, subdivision 2, are repealed.

Subd. 4. [FAMILY FARM LEGAL ASSISTANCE.] Minnesota Statutes 1990, sections 480.250; 480.252; 480.254; and 480.256, are repealed.

Sec. 122. [EFFECTIVE DATES.]

Subdivision 1. [MILITARY PAY DIFFERENTIAL.] Sections 63 and 89 are effective the day following final enactment and authorize back pay to the date the employee was called to active duty after August 1, 1990.

Subd. 2. [CAPITAL ACCESS ACCOUNT.] Section 66 is effective the day following final enactment.

Subd. 3. [RETIREMENT.] Section 87 applies to all benefit payments made after the effective date, including payments to persons who became surviving spouses or surviving children before that date. Section 83 is effective the day following final enactment and applies to all claims pending on that date or filed on or after that date. Sections 78, 79, 80, 83, 84, 85, 86, 87, and 88 are effective on approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021.

Subd. 4. [EARLY RETIREMENT INCENTIVES.] Sections 113 and 114 are effective the day following final enactment.

Subd. 5. [PUBLIC DEFENSE.] Sections 96, 99, 100, 101, 102, 103, 104, and 121, subdivision 1, are effective the day following final enactment.

Subd. 6. [COURT ADMINISTRATION.] Section 97 is effective July 1, 1992. Section 121, subdivision 2, is effective for taxes levied in 1991, payable in 1992, and thereafter.

Subd. 7. [STATE FINANCE.] Sections 44, 47, 48, 49, 50, 51, and 53 are effective the day following final enactment and apply to bonds and certificates issued before or after they take effect.

Subd. 8. [TAX CREDIT CARDS.] Section 75 is effective the day following final enactment.

Subd. 9. [STATE FUND MUTUAL INSURANCE COMPANY; APPROPRIATIONS REPAYMENT.] Section 73 is effective the day following final enactment.

ARTICLE 2

CAPITAL IMPROVEMENTS

Section 1. [APPROPRIATIONS.]

The sums in the column marked "APPROPRIATIONS" are appropriated from the bond proceeds fund, or other named fund, to the state agencies indicated, to be spent to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this article.

	APPROPRIATIONS
Sec. 2. ADMINISTRATION	
To the commissioner of administration for the purposes specified in this section	$8,361,000
(a) Provide and improve the lighting and electronic surveillance for all capitol complex parking facilities and grounds to meet updated regulations	961,000
(b) Acquire certain nonstate owned properties in or near the capitol complex	2,000,000
(c) Continue the Capitol Asset Preservation and Replacement Account (CAPRA)	5,000,000

(d) Do a comprehensive study and prepare plans through the schematic phase to locate most education agencies in a new facility, replacing the Capitol Square Building 400,000

Sec. 3. VETERANS HOMES BOARD

To the commissioner of administration for renovation of building 6 of Minnesota Veterans Home-Minneapolis 895,000

Minnesota Veterans Home-Minneapolis

(a) Seal off building 6 to meet safety codes 130,000

(b) Air condition building 15 170,000

Minnesota Veterans Home – Hastings

Complete renovation to domiciliary standards 595,000

Sec. 4. [BOND SALE.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this article from the state bond proceeds fund the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to $9,256,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

ARTICLE 3

STATE PLANNING AGENCY

Section 1. Minnesota Statutes 1990, section 3.885, subdivision 3, is amended to read:

Subd. 3. [STAFF.] (a) The commission may:

(1) employ and fix the salaries of professional, technical, clerical, and other staff of the commission;

(2) employ and discharge staff solely on the basis of their fitness to perform their duties and without regard to political affiliation;

(3) buy necessary furniture, equipment, and supplies;

(4) enter into contracts for necessary services, equipment, office, and supplies;

(5) provide its staff with computer capability necessary to carry out assigned duties. The computer should be capable of receiving data and transmitting data to computers maintained by the executive and judicial departments of state government that are used for budgetary and revenue purposes; and

(6) use other legislative staff.

(b) The commission may hire an executive director and delegate any of its authority under paragraph (a) to that person. The executive director shall be appointed by the chair and vice-chair to a four-year term, shall serve in the unclassified service, and is subject to removal by a majority vote of the members of either the senate or the house of representatives.

(c) The legislative coordinating commission shall provide office space and administrative support to the committee. ~~The state planning agency shall report to the committee, and the committee may make recommendations to the state planning agency.~~

Sec. 2. Minnesota Statutes 1990, section 3.885, subdivision 6, is amended to read:

Subd. 6. [MANDATE, STATE AID, AND STATE PROGRAM REVIEWS.] (a) The commission shall, after consultation with the governor and with the chairs of the standing committees of the legislature, select mandates and state programs for review. When selecting mandates, state aids, or state programs to be reviewed, the commission shall give priority to those that involve state payments to local units of government.

(b) The governor is responsible for the performance of the reviews. Staff from affected agencies, staff from the department of finance ~~and the state planning agency~~, and legislative staff shall participate in the reviews.

(c) At the direction of the commission, reviews of state programs shall include:

(1) a precise and complete description of the program;

(2) the need the program is intended to address;

(3) the recommended goals and measurable objectives of the program to meet those needs;

(4) program outcomes and measures which identify:

(i) results in meeting stated needs, goals, and objectives;

(ii) administrative efficiency, which, when appropriate, shall include number of program staff and clients served, timeliness in processing clients and rates and administrative cost as a percent of total program expenditures;

(iii) unanticipated program outcomes;

(iv) program expenditures compared with program appropriations;

(v) historical cost trends and projected program growth, including reasons for fiscal and program growth, for all levels of government involved in the program;

(vi) if rules or guidelines or instructions have been promulgated for a program, a review of their efficacy in helping to meet program goals and objectives and in administering the program in a cost-effective way; and

(vii) quality control monitoring and sanctions including a review of the level of training, experience, skill, and standards of staff;

(5) recommended changes in the program that would lead to its policy objectives being achieved more efficiently or effectively, or at lower cost; and

(6) additional issues requested by the commission.

(d) The following state aids and associated state mandates shall be reviewed:

(1) local aids and credits including local government aid, homestead and agricultural credit aid, disparity reduction aid, taconite homestead credit and aids, tax increment financing, and fiscal disparities;

(2) human services aids including community health services aids, correctional program aids, and social service program and administrative aids;

(3) elementary and secondary education aids including school district general fund aids and levies, school district capital expenditure fund aids and levies, school district debt service fund aids and levies, and school district community service fund aids and levies; and

(4) general government aids including natural resource aids, environmental protection aids, transportation aids, economic development aids, and general infrastructure aids.

(e) At the direction of the commission, the reviews of state aids and state mandates involving state financing of local government activities listed in paragraph (d) shall include:

(1) the employment status, wages, and benefits of persons employed in administering the programs;

(2) the desirable applicability of state procedural laws and rules;

(3) methods for increasing political subdivision options in providing their share, if any, of program costs;

(4) desirable redistributions of funding responsibilities for the program and the time period during which any recommended funding distribution should occur;

(5) opportunities for reducing program mandates and giving political subdivisions more flexibility in meeting program needs;

(6) comparability of treatment of similar units of government;

(7) the effect of the state aid or mandate on the distribution of tax burdens among individuals, based upon ability to pay;

(8) coordination of the payment or allocation formula with other state aid programs;

(9) incentives that have been created for local spending decisions, and whether the incentives should be changed;

(10) ways in which political subdivisions have changed their revenue-raising behavior since receiving these grants; and

(11) consideration of the program's consistency with the policies set forth in section 3.882.

(f) Each review shall also include an assessment of the accountability of all government agencies that participate in administration of the program.

(g) Each review that is intended to be considered in the development of the governor's budget recommendations for the following year shall be completed and submitted to the commission no later than November 15.

Sec. 3. [4.46] [WASHINGTON OFFICE.]

The governor may appoint employees for the Washington, D.C., office of the state of Minnesota and may prescribe their duties. In the operation of the office, the governor 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. 4. *Minnesota Statutes* 1990, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. [SALARY RANGES.] 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, 1987

$57,500-$78,500
Commissioner of finance;
Commissioner of education;
Commissioner of transportation;
Commissioner of human services;
Commissioner of revenue;
Commissioner of public safety;
Executive director, state board of investment;
Commissioner of gaming;
Director of the state lottery;

$50,000-$67,500
Commissioner of administration;
Commissioner of agriculture;
Commissioner of commerce;
Commissioner of corrections;
Commissioner of jobs and training;
Commissioner of employee relations;
Commissioner of health;
Commissioner of labor and industry;
Commissioner of natural resources;
Commissioner of trade and economic development;
Chief administrative law judge; office of administrative hearings;

Commissioner, pollution control agency;
~~Commissioner, state planning agency;~~
Director, office of waste management;
Commissioner, 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;

$42,500-$60,000
Commissioner of human rights;
Commissioner, department of public service;
Commissioner of veterans' affairs;
Commissioner, bureau of mediation services;
Commissioner, public utilities commission;
Member, transportation regulation board;
Ombudsman for corrections;
Ombudsman for mental health and retardation.

Sec. 5. [16B.90] [STATE DEMOGRAPHER.]

The commissioner shall appoint a state demographer to serve in the unclassified service. The demographer must be professionally competent in demography and must possess demonstrated ability based upon past performance. The demographer shall:

(1) continuously gather and develop demographic data relevant to the state;

(2) design and test methods of research and data collection;

(3) periodically prepare population projections for the state and designated regions and periodically prepare projections for each county or other political subdivision of the state as necessary to carry out the purposes of this section;

(4) review, comment on, and prepare analysis of population estimates and projections made by state agencies, political subdivisions, other states, federal agencies, or nongovernmental persons, institutions, or commissions;

(5) serve as the state liaison with the federal bureau of census, coordinate state and federal demographic activities to the fullest extent possible, and aid the legislature in preparing a census data plan and form for each decennial census;

(6) compile an annual study of population estimates on the basis of county, regional, or other political or geographical subdivisions as necessary to carry out the purposes of this section and section 6;

(7) by January 1 of each year, issue a report to the legislature containing an analysis of the demographic implications of the annual population study and population projections;

(8) prepare maps for all counties in the state, all municipalities with a population of 10,000 or more, and other municipalities as needed for census purposes, according to scale and detail recommended by the federal bureau of the census, with the maps of cities showing precinct boundaries;

(9) prepare an estimate of population and of the number of households for each governmental subdivision for which the metropolitan council does not prepare an annual estimate, and convey the estimates to the governing body of each political subdivision by May 1 of each year; and

(10) prepare an estimate of population and number of households for an area annexed by a governmental subdivision subject to levy limits under sections 275.50 to 275.56 if a municipal board order under section 414.01, subdivision 14, exists for the annexation and if the population of the annexed area is equal to at least 50 people or at least ten percent of the population of a governmental subdivision or unorganized territory that is losing area by the annexation.

An estimate under clause (10) must be an estimate of the population as of the date, within 12 months after the annexation occurs, for which a population estimate for the governmental subdivision is made either by the state demographer under clause (9) or by the metropolitan council.

Sec. 6. [16B.91] [POPULATION ESTIMATES AND PROJECTIONS; SUBMISSION BY STATE AGENCIES.]

Each state agency shall submit to the commissioner for comment all population estimates and projections prepared by it before:

(1) submitting the estimates and projections to the legislature or the federal government to obtain approval of grants;

(2) the issuance of bonds based upon those estimates and projections; or

(3) releasing a plan based upon the estimates and projections.

Sec. 7. [16B.92] [LAND MANAGEMENT INFORMATION CENTER.]

(a) The purpose of the land management information center in the department of administration is to foster integration of environmental information and provide services in computer mapping and

graphics, environmental analysis, and small systems development. The commissioner, through the center, shall periodically study land use and natural resources on the basis of county, regional, and other political subdivisions.

(b) The commissioner shall set fees under section 16A.128, subdivision 2, reflecting the actual costs of providing the center's information products and services to clients. Fees collected must be deposited in the state treasury and credited to the land management information center revolving account. Money in the account is appropriated to the commissioner for operation of the land management information system, including the cost of services, supplies, materials, labor, and equipment, as well as the portion of the general support costs and statewide indirect costs of the department that is attributable to the land management information system. The commissioner may require a state agency to make an advance payment to the revolving fund sufficient to cover the agency's estimated obligation for a period of 60 days or more. If the revolving fund is abolished or liquidated, the total net profit from operations must be distributed to the funds from which purchases were made. The amount to be distributed to each fund must bear to the net profit the same ratio as the total purchases from each fund bear to the total purchases from all the funds during a period of time that fairly reflects the amount of net profit each fund is entitled to receive under this distribution.

Sec. 8. Minnesota Statutes 1990, section 17.49, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHED.] 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 trade and economic development, ~~the commissioner 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. 9. Minnesota Statutes 1990, section 62D.122, is amended to read:

62D.122 [MEDIATION.]

When current parties to a health maintenance organization contract between providers of health care services and the health maintenance organization believe they will be unable to reach agreement on the terms of renewal or maintenance of the agreement, either party may request the commissioner of health to order that the dispute be submitted to mediation. The parties to the dispute shall enter mediation upon the order of the commissioner of

health. Whether or not a request for mediation from one of the parties has been received, the commissioner shall order mediation if failure to reach agreement would significantly impair access to health care services on the part of current enrollees of that health maintenance organization. The commissioner shall be a participant in the mediation. In determining whether access to health care services for current enrollees will be significantly impaired, the commissioner shall consider:

(1) the number of enrollees affected,

(2) the ability of the plan to make alternate arrangements with other participating providers for the provision of health care services to the affected enrollees,

(3) the availability of nonparticipating providers who may become participating providers for those with whom the health maintenance organization is in dispute,

(4) the time remaining until termination of the provider contract, and

(5) whether failure to resolve the dispute may establish a precedent for similar disputes in other parts of the state or might impede competition among health plans.

During the period in which the dispute is in mediation, no action to terminate provider or enrollee contracts may be taken by either party. Participation in mediation shall be required of all parties for a period of not more than 30 days. Notice of termination of provider agreements, as required under section 62D.08, subdivision 5, shall take effect no earlier than 31 days after the first day of mediation under this section.

When mediation is ordered by the commissioner, arrangements for mediation shall be made through ~~either the office of dispute resolution in the state planning agency, or~~ the office of administrative hearings.

Costs of the mediation shall be borne equally by the health maintenance organization and the health care providers unless otherwise agreed to by the parties. The office of administrative hearings shall establish rates for mediation services comparable to those charged by mediators listed with the office of dispute resolution.

The mediator shall not have authority to impose a settlement or otherwise bind a participant to a nonvoluntary resolution of the dispute; however, any agreement reached as a result of the mediation shall be enforceable.

Except as otherwise provided under chapter 13 and sections 62D.03 and 62D.14, the commissioner shall make public the results of any mediation agreement.

Sec. 10. Minnesota Statutes 1990, section 62J.02, subdivision 2, is amended to read:

Subd. 2. [STAFF; OFFICE SPACE; EQUIPMENT.] The commission shall select a director to serve at its pleasure as the chief administrative officer of the commission. The director may hire advisors, consultants, and employees, as authorized by the commission, and prescribe their duties. Employees are not state employees, but are covered by section 3.736. At the option of the commission, the employees 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 commissioner of ~~state planning~~ health shall provide to the commission, at a reasonable cost, administrative assistance, office space, and access to office equipment and services.

Sec. 11. Minnesota Statutes 1990, section 62J.02, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] The health care access commission, with the assistance of the commissioner of ~~state planning~~ health, shall develop and recommend to the legislature a plan to provide access to health care for all state residents. In developing the plan, the commission shall:

(1) develop a system to estimate the total number of uninsured Minnesotans by age, sex, employment status, income level, geography, and other relevant characteristics;

(2) explore all potential insurance options including size and makeup of risk groups;

(3) prepare a legal analysis of restrictions and other potential legal issues of the Employee Retirement Income Security Act, United States Code, title 29, sections 1001 to 1461;

(4) study and make recommendations on insurance and health care law changes that will improve access to health care;

(5) study and make recommendations on incentives and disincentives to ensure that employers continue to provide health insurance coverage;

(6) study and make recommendations regarding benefits to be covered by health plans that would be available through the health

care access program, including preventive, well-child, and prenatal care;

(7) identify cost savings to public programs that would result from implementation of the health care access program;

(8) develop a cost containment policy after reviewing cost containment methods such as hospital admission precertification, concurrent review of hospital stays, discharge planning, hospital bill audit prior to discharge, primary gatekeepers, claims data analysis, a drug formulary, pharmacy data analysis, bulk discounts, emergency room use, outpatient surgery oversight, protocols for preventive care and common acute care, practice data compared to peers, practitioner rewards and penalties, and other cost containment methods;

(9) develop a system to administer the health care access program, including recommendations for eligibility criteria, enrollment procedures, and options for contracting with carriers, health plans, and providers, to ensure access to affordable health care in all geographic areas of the state;

(10) define the number, functions, and duties of administrative staff;

(11) study alternatives for financing the state share of the cost of the premiums in an amount sufficient to generate one-half of the total costs of the health care access program, but not more than $150,000,000 a year, including, but not limited to, an actuarial analysis, a sliding fee scale analysis, and reserve fund requirements;

(12) develop a system for collection of premium payments;

(13) examine and make recommendations on gatekeeping mechanisms for access to health care services, different benefit and service packages for the minimum core coverage plan, and dollar limitations for prescription drug costs;

(14) consider limits on provider reimbursement and covered services and make recommendations;

(15) examine the effect of different copayment levels on access to health care for persons with low incomes and provide recommendations based on this analysis;

(16) examine and make recommendations on maximum lifetime benefits;

(17) develop methods to ensure representation in service delivery by eligible practitioners, without regard to race, color, or sex;

(18) develop methods to coordinate the health care access program with other government-subsidized programs; and

(19) conduct other activities it considers necessary to carry out the intent of the legislature as expressed in section 62J.01 and this section.

Sec. 12. Minnesota Statutes 1990, section 103B.311, subdivision 7, is amended to read:

Subd. 7. [DATA ACQUISITION.] The data collected under this section that has common value as determined by the ~~state planning agency~~ department of administration for natural resources planning must be provided and integrated into the Minnesota land management information systems geographic and summary data bases according to published data compatibility guidelines.

Sec. 13. Minnesota Statutes 1990, section 103B.315, subdivision 5, is amended to read:

Subd. 5. [STATE REVIEW.] (a) After conducting the public hearing but before final adoption, the county board must submit its comprehensive water plan, all written comments received on the plan, a record of the public hearing under subdivision 4, and a summary of changes incorporated as a result of the review process to the board for review. The board shall complete the review within 90 days after receiving a comprehensive water plan and supporting documents. The board shall consult with the departments of agriculture, health, and natural resources; the pollution control agency; ~~the state planning agency;~~ the environmental quality board; and other appropriate state agencies during the review.

(b) The board may disapprove a comprehensive water plan if the board determines the plan is not consistent with state law. If a plan is disapproved, the board shall provide a written statement of its reasons for disapproval. A disapproved comprehensive water plan must be revised by the county board and resubmitted for approval by the board within 120 days after receiving notice of disapproval of the comprehensive water plan, unless the board extends the period for good cause. The decision of the board to disapprove the plan may be appealed by the county to district court.

Sec. 14. Minnesota Statutes 1990, section 103F.761, subdivision 1, is amended to read:

Subdivision 1. [PROJECT COORDINATION TEAM; MEMBERSHIP.] The commissioner shall establish and chair a project coordination team made up of representatives of the pollution control agency, department of natural resources, board of water and soil resources, department of agriculture, department of health, ~~state~~

~~planning agency,~~ Minnesota extension service, University of Minnesota agricultural experiment stations, United States Army Corps of Engineers, United States Environmental Protection Agency, United States Department of Agriculture Agricultural Stabilization and Conservation Service, United States Department of Agriculture Soil Conservation Service, metropolitan council, Association of Minnesota Counties, League of Minnesota Cities, Minnesota Association of Townships, and other agencies as the commissioner may determine.

Sec. 15. Minnesota Statutes 1990, section 103H.101, subdivision 4, is amended to read:

Subd. 4. [INFORMATION GATHERING.] The commissioner of natural resources shall coordinate the collection of state and local information to identify sensitive areas. Information must be automated on or accessible to systems developed at the land management information center of the ~~state planning agency~~ department of administration.

Sec. 16. Minnesota Statutes 1990, section 103H.175, subdivision 1, is amended to read:

Subdivision 1. [MONITORING RESULTS TO BE SUBMITTED TO THE ~~STATE PLANNING AGENCY~~ DEPARTMENT OF ADMINISTRATION.] The results of monitoring groundwater quality by state agencies and political subdivisions must be submitted to the ~~state planning agency~~ department of administration.

Sec. 17. Minnesota Statutes 1990, section 103H.175, subdivision 2, is amended to read:

Subd. 2. [COMPUTERIZED DATA BASE.] The ~~state planning agency~~ department of administration shall maintain a computerized data base of the results of groundwater quality monitoring in a manner that is accessible to the pollution control agency, department of agriculture, department of health, and department of natural resources. The ~~state planning agency~~ department shall assess the quality and reliability of the data and organize the data in a usable format.

Sec. 18. Minnesota Statutes 1990, section 115A.072, subdivision 1, is amended to read:

Subdivision 1. [WASTE EDUCATION COALITION.] (a) The office shall provide for the development and implementation of a program of general public education on waste management in cooperation and coordination with the pollution control agency, metropolitan council, department of education, department of agriculture, ~~state planning agency,~~ environmental quality board, environmental ed-

ucation board, educational institutions, other public agencies with responsibility for waste management or public education, and three other persons who represent private industry and who have knowledge of or expertise in recycling and solid waste management issues. The objectives of the program are to: develop increased public awareness of and interest in environmentally sound waste management methods; encourage better informed decisions on waste management issues by business, industry, local governments, and the public; and disseminate practical information about ways in which households and other institutions and organizations can improve the management of waste.

(b) The office shall appoint an advisory task force, to be called the waste education coalition, of up to 18 members to advise the office in carrying out its responsibilities under this section and whose membership represents the agencies and entities listed in this subdivision.

Sec. 19. Minnesota Statutes 1990, section 116C.03, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The members of the board are the commissioner of ~~the state planning agency~~ administration, the commissioner of public service, the commissioner of the pollution control agency, the commissioner of natural resources, the director of the office of waste management, the commissioner of agriculture, the commissioner of health, the commissioner of transportation, the chair of the board of water and soil resources, 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 must have knowledge of and be conversant in water management issues in the state. Notwithstanding the provisions of section 15.06, subdivision 6, members of the board may not delegate their powers and responsibilities as board members to any other person.

Sec. 20. Minnesota Statutes 1990, section 116C.03, subdivision 4, is amended to read:

Subd. 4. Staff and consultant support for board activities shall be provided by the ~~state planning agency~~ commissioner of administration. This support shall be provided based upon an annual budget and work program developed by the board and certified to the commissioner ~~of the state planning agency~~ by the chair of the board. The board shall have the authority to request and require staff support from all other agencies of state government as needed for the execution of the responsibilities of the board.

Sec. 21. Minnesota Statutes 1990, section 116C.03, subdivision 5, is amended to read:

Subd. 5. The board shall contract with the commissioner of ~~the state planning agency~~ administration for administrative services necessary to the board's activities. The services shall include personnel, budget, payroll and contract administration.

Sec. 22. Minnesota Statutes 1990, section 116C.712, subdivision 3, is amended to read:

Subd. 3. [COUNCIL STAFF.] Staff support for council activities must be provided by the ~~state planning agency~~ commissioner of administration. State departments and agencies must cooperate with the council in the performance of its duties. Upon the request of the chair of the council, the governor may, by order, require a state department or agency to furnish assistance necessary to carry out the council's functions under this chapter.

Sec. 23. Minnesota Statutes 1990, section 116C.712, subdivision 5, is amended to read:

Subd. 5. [ASSESSMENT.] (a) A person, firm, corporation, or association in the business of owning or operating a nuclear fission electrical generating plant in this state shall pay an assessment to cover the cost of:

(1) monitoring the federal high-level radioactive waste program under the Nuclear Waste Policy Act, United States Code, title 42, sections 10101 to 10226;

(2) advising the governor and the legislature on policy issues relating to the federal high-level radioactive waste disposal program;

(3) surveying existing literature and activity relating to radioactive waste management, including storage, transportation, and disposal, in the state;

(4) an advisory task force on low-level radioactive waste deregulation, created by a law enacted in 1990 until July 1, 1996; and

(5) other general studies necessary to carry out the purposes of this subdivision.

The assessment must not be more than the appropriation to the ~~state planning agency~~ department of administration for these purposes.

(b) The ~~state planning agency~~ commissioner of administration shall bill the owner or operator of the plant for the assessment at least 30 days before the start of each quarter. The assessment for the second quarter of each fiscal year must be adjusted to compensate for

the amount by which actual expenditures by the ~~state planning agency~~ department of administration for the preceding year were more or less than the estimated expenditures previously assessed. The billing may be made as an addition to the assessments made under section 116C.69. The owner or operator of the plant must pay the assessment within 30 days after receipt of the bill. The assessment must be deposited in the state treasury and credited to the special revenue fund.

(c) The authority for this assessment terminates when the department of energy eliminates Minnesota from further siting consideration for high-level radioactive waste by starting construction of a high-level radioactive waste disposal site in another state. The assessment required for any quarter must be reduced by the amount of federal grant money received by the ~~state planning agency~~ department of administration for the purposes listed in this section.

(d) The ~~state planning agency~~ commissioner of administration must report annually by July 1 to the legislative commission on waste management on activities assessed under paragraph (a).

Sec. 24. Minnesota Statutes 1990, section 124C.03, subdivision 2, is amended to read:

Subd. 2. [MEMBERS; MEETINGS; OFFICERS.] The interagency adult learning advisory council shall have ~~16 to 18~~ 15 to 17 members. Members must have experience in educating adults or in programs addressing welfare recipients and incarcerated, unemployed, and underemployed people.

The members of the interagency adult learning advisory council are appointed as follows:

(1) ~~one member appointed by the commissioner of the state planning agency;~~

~~(2)~~ one member appointed by the commissioner of jobs and training;

~~(3)~~ (2) one member appointed by the commissioner of human services;

~~(4)~~ (3) one member appointed by the director of the refugee and immigrant assistance division of the department of human services;

~~(5)~~ (4) one member appointed by the commissioner of corrections;

~~(6)~~ (5) one member appointed by the commissioner of education;

~~(7)~~ (6) one member appointed by the chancellor of the state board of technical colleges;

~~(8)~~ (7) one member appointed by the chancellor of community colleges;

~~(9)~~ (8) one member appointed by the Minnesota adult literacy campaign or by another nonprofit literacy organization, as designated by the commissioner of ~~the state planning agency~~ education;

~~(10)~~ (9) one member appointed by the council on Black Minnesotans;

~~(11)~~ (10) one member appointed by the Spanish-speaking affairs council;

~~(12)~~ (11) one member appointed by the council on Asian-Pacific Minnesotans;

~~(13)~~ (12) one member appointed by the Indian affairs council; and

~~(14)~~ (13) one member appointed by the disability council.

Up to four additional members of the council may be nominated by the participating agencies. Based on the council's recommendations, the commissioner of ~~the state planning agency~~ education must appoint at least two, but not more than four, additional members. Nominees shall include, but are not limited to, representatives of local education, government, nonprofit agencies, employers, labor organizations, and libraries.

The council shall elect its officers.

Sec. 25. Minnesota Statutes 1990, section 124C.03, subdivision 3, is amended to read:

Subd. 3. [STAFF.] The commissioner of ~~the state planning agency~~ education shall provide space and administrative services to the council. The commissioner may contract for staff for the council.

Sec. 26. Minnesota Statutes 1990, section 124C.03, subdivision 8, is amended to read:

Subd. 8. [STANDARDS FOR QUALIFIED PROGRAMS.] (a) Except as provided in paragraph (b) and subdivision 9, a program qualifying for a grant must:

(1) be directed to the unemployed, the underemployed, the incarcerated, public assistance recipients, or to non-English speaking immigrants;

(2) integrate learning and support services such as child care, transportation, and counseling;

(3) have intensive learning that maximizes the weekly hours available to learners;

(4) be accessible year-round and during daytime or evening hours as needed, except where otherwise appropriate to learners' needs;

(5) have individualized learning plans and outcome based learning;

(6) provide instruction in transferable basic skills;

(7) have context based learning linked to individual occupational or self-sufficiency goals;

(8) provide for reporting and evaluation;

(9) have appropriate coordination and differentiation of services among adult literacy services and agencies in the local area;

(10) be coordinated with human services and employment and training agencies, as appropriate to the target population; and

(11) maximize use of available local resources.

(b) The commissioner of ~~the state planning agency~~ education may waive a standard because of client need or local conditions. The reason for the waiver must be documented.

Sec. 27. Minnesota Statutes 1990, section 124C.03, subdivision 9, is amended to read:

Subd. 9. [INNOVATION GRANTS.] The commissioner of ~~the state planning agency~~ education may award grants for innovative programs. An innovation grant need not comply with the standards in subdivision 8. The nature and extent of the proposed innovation must be described in the award.

Sec. 28. Minnesota Statutes 1990, section 124C.03, subdivision 10, is amended to read:

Subd. 10. [NO FUNDING REQUIRED.] The commissioner of ~~the state planning agency~~ education need not award a grant for any proposal that, in the determination of the commissioner does not meet the standards in subdivision 8.

Sec. 29. Minnesota Statutes 1990, section 124C.03, subdivision 12, is amended to read:

Subd. 12. [GEOGRAPHIC DISTRIBUTION.] The commissioner of ~~the state planning agency~~ education shall seek to award grants throughout the state, taking into account the incidence of the target population. It shall provide technical assistance to local agencies to enhance fulfillment of this subdivision.

Sec. 30. Minnesota Statutes 1990, section 124C.03, subdivision 14, is amended to read:

Subd. 14. [GRANT SCHEDULE.] ~~The commissioner of the state planning agency must award initial grants by April 1, 1990. Beginning in 1991,~~ Grants must be awarded by July 1 of each year. Grants may be awarded for a period not to exceed 24 months.

Sec. 31. Minnesota Statutes 1990, section 124C.03, subdivision 15, is amended to read:

Subd. 15. [LOCAL AND REGIONAL JOINT PLANNING.] The commissioner of ~~the state planning agency~~ education may require grant applicants and existing adult basic education providers in a locality to present a joint services plan as a condition of receiving a grant under this section.

Sec. 32. Minnesota Statutes 1990, section 124C.03, subdivision 16, is amended to read:

Subd. 16. [REPORTING AND EVALUATION.] The commissioner of ~~the state planning agency~~ education shall evaluate the performance of the grantees and report to the legislature by November 15 of each year, except that a preliminary report may be submitted by February 15, 1991.

Sec. 33. Minnesota Statutes 1990, section 126A.02, subdivision 1, is amended to read:

Subdivision 1. [DIRECTOR.] The director of environmental education is appointed by the commissioner of ~~the state planning agency~~ education. The director may initiate, develop, implement, evaluate, and market informal environmental education programs; shall promote state government and private sector policy that is consistent with the environmental education programs established in section 126A.08; and may coordinate informal environmental education with the K-12 and post-secondary environmental education programs developed by the department of education and the state's post-secondary institutions.

Sec. 34. Minnesota Statutes 1990, section 126A.02, subdivision 2, is amended to read:

Subd. 2. [BOARD MEMBERS.] A ~~17-member~~ 16-member board shall advise the director. The board is made up of the commissioners of the ~~state planning agency;~~ department of natural resources; the pollution control agency; the department of agriculture; the department of education; the chair of the board of water and soil resources; the executive director of the higher education coordinating board; the executive secretary of the board of teaching; the director of the extension service; and eight citizen members representing diverse interests appointed by the governor. The governor shall appoint one citizen member from each congressional district. The citizen members are subject to section 15.0575. Two of the citizen members appointed by the governor must be licensed teachers currently teaching in the K-12 system. The governor shall annually designate a member to serve as chair for the next year.

Sec. 35. Minnesota Statutes 1990, section 126A.03, is amended to read:

126A.03 [STAFF.]

The ~~state planning agency~~ commissioner of education shall provide staff and consultant support for the office of environmental education. The support must be based on an annual budget and work program developed by the director and certified to the commissioner of ~~the state planning agency~~ education by the chair of the office's advisory board. The director may request staff support from any other agency of the executive branch as needed to execute the responsibilities of the director.

Sec. 36. Minnesota Statutes 1990, section 144.70, subdivision 2, is amended to read:

Subd. 2. [INTERAGENCY COOPERATION.] In completing the report required by subdivision 1, in fulfilling the requirements of sections 144.695 to 144.703, and in undertaking other initiatives concerning health care costs, access, or quality, the commissioner of health shall cooperate with and consider potential benefits to other state agencies that have a role in the market for health services or the market for health plans. Other agencies include the department of employee relations, as administrator of the state employee health benefits program; the department of human services, as administrator of health services entitlement programs; the department of commerce, in its regulation of health plans; and the department of labor and industry, in its regulation of health service costs under workers' compensation; ~~and the state planning agency, in its planning for the state's health service needs~~.

Sec. 37. Minnesota Statutes 1990, section 144A.071, subdivision 5, is amended to read:

Subd. 5. [REPORT.] The commissioner of ~~the state planning agency~~ human services, in consultation with the ~~commissioners~~ commissioner of health ~~and human services~~, shall report to the senate health and human services committee and the house health and welfare committee by January 15, 1986 and biennially thereafter regarding:

(1) projections on the number of elderly Minnesota residents including medical assistance recipients;

(2) the number of residents most at risk for nursing home placement;

(3) the needs for long-term care and alternative home and noninstitutional services;

(4) availability of and access to alternative services by geographic region; and

(5) the necessity or desirability of continuing, modifying, or repealing the moratorium in relation to the availability and development of the continuum of long-term care services.

Sec. 38. Minnesota Statutes 1990, section 145.926, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATION.] The commissioner of ~~state planning~~ education shall administer the way to grow/school readiness program, in consultation with the ~~commissioners~~ commissioner of human services ~~and education~~, to promote intellectual, social, emotional, and physical development and school readiness of children prebirth to age five by coordinating and improving access to community-based and neighborhood-based services that support and assist all parents in meeting the health and developmental needs of their children at the earliest possible age.

Sec. 39. Minnesota Statutes 1990, section 145.926, subdivision 4, is amended to read:

Subd. 4. [PILOT PROJECTS.] The commissioner of ~~state planning~~ education shall award grants for one pilot project in each of the following areas of the state:

(1) a first class city located within the metropolitan area as defined in section 473.121, subdivision 2;

(2) a second class city located within the metropolitan area as defined in section 473.121, subdivision 2;

(3) a city with a population of 50,000 or more that is located outside of the metropolitan area as defined in section 473.121, subdivision 2; and

(4) the area of the state located outside of the metropolitan area as defined in section 473.121, subdivision 2.

To the extent possible, the commissioner ~~of state planning~~ shall award grants to applicants with experience or demonstrated ability in providing comprehensive, multidisciplinary, community-based programs with objectives similar to those listed in subdivision 2, or in providing other human services or social services programs using a multidisciplinary, community-based approach.

Sec. 40. Minnesota Statutes 1990, section 145.926, subdivision 5, is amended to read:

Subd. 5. [APPLICATIONS.] Each grant application must propose a five-year program designed to accomplish the purposes of this section. The application must be submitted on forms provided by the commissioner of ~~state planning~~ education. The grant application must include:

(1) a description of the specific neighborhoods that will be served under the program and the name, address, and a description of each community agency or agencies with which the applicant intends to contract to provide services using grant money;

(2) a letter of intent from each community agency identified in clause (1) that indicates the agency's willingness to participate in the program and approval of the proposed program structure and components;

(3) a detailed description of the structure and components of the proposed program and an explanation of how each component will contribute to accomplishing the purposes of this section;

(4) a description of how public and private resources, including schools, health care facilities, government agencies, neighborhood organizations, and other resources, will be coordinated and made accessible to families in target neighborhoods, including letters of intent from public and private agencies indicating their willingness to cooperate with the program;

(5) a detailed, proposed budget that demonstrates the ability of the program to accomplish the purposes of this section using grant

money and other available resources, including funding sources other than a grant; and

(6) a comprehensive evaluation plan for measuring the success of the program in meeting the objectives of the overall grant program and the individual grant project, including an assessment of the impact of the program in terms of at least three of the following criteria:

(i) utilization rates of community services;

(ii) availability of support systems for families;

(iii) birth weights of newborn babies;

(iv) child accident rates;

(v) utilization rates of prenatal care;

(vi) reported rates of child abuse; and

(vii) rates of health screening and evaluation.

Sec. 41. Minnesota Statutes 1990, section 145.926, subdivision 7, is amended to read:

Subd. 7. [ADVISORY COMMITTEES.] The commissioner of ~~state planning~~ education shall establish a program advisory committee consisting of persons knowledgeable in child development, child and family services, and the needs of people of color and high risk populations; and representatives of the commissioners of ~~state planning~~ human services and education. Each grantee must establish a program advisory board of 12 or more members to advise the grantee on program design, operation, and evaluation. The board must include representatives of local units of government and representatives of the project area who reflect the geographic, cultural, racial, and ethnic diversity of that community.

Sec. 42. Minnesota Statutes 1990, section 145.926, subdivision 8, is amended to read:

Subd. 8. [REPORT.] The commissioner of ~~state planning~~ education shall provide a biennial report to the legislature on the program administration and the activities of projects funded under this section.

Sec. 43. Minnesota Statutes 1990, section 145A.02, subdivision 16, is amended to read:

Subd. 16. [POPULATION.] "Population" means the total number of residents of the state or any city or county as established by the last federal census, by a special census taken by the United States Bureau of the Census, by the state demographer under section ~~116K.04,~~ ~~subdivision~~ 4 5, or by an estimate of city population prepared by the metropolitan council, whichever is the most recent as to the stated date of count or estimate.

Sec. 44. Minnesota Statutes 1990, section 145A.09, subdivision 6, is amended to read:

Subd. 6. [BOUNDARIES OF COMMUNITY HEALTH SERVICE AREAS.] The community health service area of a multicounty or multicity community health board must be within a region designated under sections 462.381 to 462.398, unless this condition is waived by the commissioner with the approval of the regional development commission directly involved or the metropolitan council, if appropriate. In a region without a regional development commission, the commissioner of ~~the state planning agency~~ trade and economic development shall act in place of the regional development commission.

Sec. 45. Minnesota Statutes 1990, section 214.141, is amended to read:

214.141 [ADVISORY COUNCIL; MEMBERSHIP.]

There is established a human services occupations advisory council to assist the commissioner of health in formulating policies and rules pursuant to section 214.13. The commissioner shall determine the council's duties and shall establish procedures for its proper functioning, including, but not limited to, methods for selecting temporary members and methods of communicating recommendations and advice to the commissioner for consideration. The council shall consist of no more than 15 members. Thirteen members shall be appointed by the commissioner, one of whom the commissioner shall designate as chair. The members shall be selected as follows: four members shall represent currently licensed or registered human services occupations; two members shall represent human services occupations which are not currently registered; two members shall represent licensed health care facilities, which can include a health maintenance organization as defined in section 62D.02; one member shall represent the higher education coordinating board; ~~one member shall represent the state planning agency;~~ one member shall represent a third party payor to health care costs; and ~~two~~ three members shall be public members as defined by section 214.02.

In cases in which the council has been charged by the commissioner to evaluate an application submitted under the provisions of section 214.13, the commissioner may appoint to the council as

temporary voting members, for the purpose of evaluating that application alone, one or two representatives from among the appropriate licensed or registered human services occupations or from among the state agencies that have been identified under section 214.13, subdivision 2. In determining whether a temporary voting member or members should be appointed and which human services occupations or state agencies should be represented by temporary voting members, the commissioner shall attempt to systematically involve those who would be most directly affected by a decision to credential a particular applicant group and who are not already represented on the council. The terms of temporary voting members shall not exceed 12 months. The terms of the other council members, the compensation and removal of all members, and the expiration of the council shall be as provided in section 15.059.

Sec. 46. Minnesota Statutes 1990, section 256H.25, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] By January 1, 1990, the commissioner of ~~the state planning agency~~ health shall convene and chair an interagency advisory committee on child care. In addition to the commissioner, members of the committee are the commissioners of each of the following agencies and departments: ~~health,~~ human services, jobs and training, public safety, education, and the higher education coordinating board. The purpose of the committee is to improve the quality and quantity of child care and the coordination of child care related activities among state agencies.

Sec. 47. Minnesota Statutes 1990, section 268.361, subdivision 3, is amended to read:

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of ~~the state planning agency~~ jobs and training.

Sec. 48. Minnesota Statutes 1990, section 275.14, is amended to read:

275.14 [CENSUS.]

For the purposes of sections 275.124 to 275.16, the population of a city shall be that established by the last federal census, by a special census taken by the United States Bureau of the Census, by an estimate made by the metropolitan council, or by the state demographer made according to section ~~116K.04, subdivision~~ 4 5, whichever has the latest stated date of count or estimate, before July 2 of the current levy year. The population of a school district must be as certified by the department of education from the most recent federal census.

In any year in which no federal census is taken pursuant to law in

any school district affected by sections 275.124 to 275.16 a population estimate may be made and submitted to the state demographer for approval as hereinafter provided. The school board of a school district, in case it desires a population estimate, shall pass a resolution by July 1 containing a current estimate of the population of the school district and shall submit the resolution to the state demographer. The resolution shall describe the criteria on which the estimate is based and shall be in a form and accompanied by the data prescribed by the state demographer. The state demographer shall determine whether or not the criteria and process described in the resolution provide a reasonable basis for the population estimate and shall inform the school district of that determination within 30 days of receipt of the resolution. If the state demographer determines that the criteria and process described in the resolution do not provide a reasonable basis for the population estimate, the resolution shall be of no effect. If the state demographer determines that the criteria and process do provide a reasonable basis for the population estimate, the estimate shall be treated as the population of the school district for the purposes of sections 275.124 to 275.16 until the population of the school district has been established by the next federal census or until a more current population estimate is prepared and approved as provided herein, whichever occurs first. The state demographer shall establish guidelines for acceptable population estimation criteria and processes. The state demographer shall issue advisory opinions upon request in writing to cities or school districts as to proposed criteria and processes prior to their implementation in an estimation. The advisory opinion shall be final and binding upon the demographer unless the demographer can show cause why it should not be final and binding.

In the event that a census tract employed in taking a federal or local census overlaps two or more school districts, the county auditor shall, on the basis of the best information available, allocate the population of said census tract to the school districts involved.

The term "council," as used in sections 275.124 to 275.16, means any board or body, whether composed of one or more branches, authorized to make ordinances for the government of a city within this state.

Sec. 49. Minnesota Statutes 1990, section 275.51, subdivision 6, is amended to read:

Subd. 6. [POPULATION AND HOUSEHOLD ESTIMATES.] For the purpose of determining the amount of tax that a governmental subdivision may levy in accordance with limitation established by this chapter, the population or the number of households of the governmental subdivision shall be that established by the last federal census, by a census taken pursuant to section 275.14, or by an estimate made by the metropolitan council, or by the state demographer made pursuant to section ~~116K.04, subdivision~~ 4 5,

whichever is the most recent as to the stated date of count or estimate, for the calendar year preceding the current levy year. If the area included in a governmental subdivision has increased due to annexation in the 12 months prior to the most recent population estimate for the calendar year preceding the current levy year and the adjusted levy limit base is modified under section 275.54, subdivision 3, the percentage increases in population and households determined in subdivision 3h are to be based on the change in population and number of households in the area included in the governmental subdivision before the annexation.

Sec. 50. Minnesota Statutes 1990, section 275.54, subdivision 3, is amended to read:

Subd. 3. [ADJUSTMENTS AFTER ANNEXATION.] If the area included within the governmental subdivision is increased due to annexation in the 12 months prior to the most recent population estimate for the calendar year preceding the current levy year and the state demographer prepares a population estimate for the annexed area under section ~~116K.04, subdivision 4, paragraph (11)~~ 5, the governmental subdivision's adjusted levy limit base under section 275.51, subdivision 3h, must be adjusted in the following manner:

(a) A percentage will be calculated equal to the percentage increase in population in the governmental subdivision due to annexation determined by dividing the population of the annexed area by the population of the governmental subdivision excluding the annexed area, using population estimates for the calendar year preceding the current levy year.

(b) The governmental subdivision's adjusted levy limit base under section 275.51, subdivision 3h, after giving effect to paragraphs (a) and (b) of subdivision 3h, but before any other paragraphs in section 275.51, subdivision 3h, shall be increased by the percentage calculated in paragraph (a) of this subdivision.

For purposes of section 275.51, subdivision 3f, the term "adjusted levy limit base" includes the adjustment made under this subdivision for the preceding year.

Sec. 51. Minnesota Statutes 1990, section 299A.30, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] (a) The assistant commissioner shall gather and make available information on demand reduction and supply reduction throughout the state, foster cooperation among drug program agencies, and assist agencies and public officials in training and other programs designed to improve the effectiveness of demand reduction and supply reduction.

(b) The assistant commissioner shall coordinate the distribution of funds received by the state of Minnesota through the federal Anti-Drug Abuse Act. ~~The assistant commissioner may obtain technical assistance from the state planning agency to perform this function.~~ The assistant commissioner shall recommend to the commissioner recipients of grants under sections 299A.33 and 299A.34, after consultation with the drug abuse prevention resource council.

(c) The assistant commissioner shall:

(1) after consultation with all drug program agencies operating in the state, develop a state drug strategy encompassing the efforts of those agencies and taking into account all money available for demand reduction and supply reduction, from any source;

(2) submit the strategy to the governor and the legislature by January 15 of each year, along with a summary of demand reduction and supply reduction during the preceding calendar year;

(3) assist appropriate professional and occupational organizations, including organizations of law enforcement officers, prosecutors, and educators, in developing and operating informational and training programs to improve the effectiveness of demand reduction and supply reduction; and

(4) provide information and assistance to drug program agencies, both directly and by functioning as a clearinghouse for information from other drug program agencies.

Sec. 52. Minnesota Statutes 1990, section 299A.31, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; MEMBERSHIP.] A drug abuse prevention resource council consisting of ~~18~~ 17 members is established. The commissioners of public safety, education, health, and human services, ~~and the state planning agency,~~ and the attorney general shall each appoint one member from among their employees. The speaker of the house of representatives and the subcommittee on committees of the senate shall each appoint a legislative member. The governor shall appoint an additional ten members who shall demonstrate knowledge in the area of drug abuse prevention, shall represent the demographic and geographic composition of the state and, to the extent possible, shall represent the following groups: parents, educators, clergy, local government, racial and ethnic minority communities, professional providers of drug abuse prevention services, volunteers in private, nonprofit drug prevention programs, and the business community. The members shall designate one of the governor's appointees as chair of the council. Compensation and removal of members are governed by section 15.059.

Sec. 53. Minnesota Statutes 1990, section 299A.40, subdivision 4, is amended to read:

Subd. 4. [ASSISTANT COMMISSIONER; ADMINISTRATION OF GRANTS.] The assistant commissioner shall develop a process for administering grants under subdivision 3. The process must be compatible with the community grant program ~~administered by the state planning agency~~ under the Drug Free Schools and Communities Act, Public Law Number 100-690. The process for administering the grants must include establishing criteria the assistant commissioner shall apply in awarding grants. The assistant commissioner shall issue requests for proposals for grants under subdivision 3. The request must be designed to obtain detailed information about the applicant and other information the assistant commissioner considers necessary to evaluate and select a grant recipient. The applicant shall submit a proposal for a grant on a form and in a manner prescribed by the assistant commissioner. The assistant commissioner shall award grants under this section so that 50 percent of the funds appropriated for the grants go to the metropolitan area comprised of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties, and 50 percent of the funds go to the area outside the metropolitan area. The process for administering the grants must also include procedures for monitoring the recipients' use of grant funds and reporting requirements for grant recipients.

Sec. 54. Minnesota Statutes 1990, section 368.01, subdivision 1a, is amended to read:

Subd. 1a. [CERTAIN OTHER TOWNS.] A town with a population of 1,000 or more that does not qualify under subdivision 1, shall have the enumerated powers upon an affirmative vote of its electors at the annual town meeting. The population must be established by the most recent federal decennial census, special census as provided in section 368.015, or population estimate by the state demographer made according to section ~~116K.04, subdivision~~ 4 5, whichever has the latest stated date of count or estimate.

Sec. 55. Minnesota Statutes 1990, section 373.40, subdivision 1, is amended to read:

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

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, and roads and bridges. An improvement must have an expected useful life of five years or more

to qualify. "Capital improvement" does not include light rail transit or any activity related to it or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Commissioner" means the commissioner of trade and economic development.

(d) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(e) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the metropolitan council or by the state demographer under section ~~116K.04, subdivision 4, clause (10)~~ 5.

(f) "Tax capacity" means total taxable market value, but does not include captured market value.

Sec. 56. Minnesota Statutes 1990, section 402.045, is amended to read:

402.045 [FUNCTION OF COMMISSIONER OF ~~STATE PLANNING AGENCY~~ HUMAN SERVICES.]

The commissioner of ~~state planning agency shall have~~ human services has authority for human services development. The commissioner may appoint professional and clerical staff as the commissioner deems necessary. The commissioner ~~of state planning agency~~ shall:

(1) Support the development of human services boards and provide technical assistance to the boards;

(2) Disburse and monitor grants as may be available to assist human services board development;

(3) Receive and coordinate the review of annual human services board plans;

(4) Cooperate with other state agencies in assisting local human services integration projects; and

(5) Maintain a file on reports, policies and documents pertaining to human services boards.

Sec. 57. Minnesota Statutes 1990, section 462.384, subdivision 7, is amended to read:

Subd. 7. "Commissioner" means the commissioner of ~~state planning agency exercising the authority conferred by sections 116K.01 to 116K.13~~ trade and economic development.

Sec. 58. Minnesota Statutes 1990, section 462.396, subdivision 2, is amended to read:

Subd. 2. On or before August 20 each year, the commission shall submit its proposed budget for the ensuing calendar year showing anticipated receipts, disbursements and ad valorem tax levy with a written notice of the time and place of the public hearing on the proposed budget to each county auditor and municipal clerk within the region and those town clerks who in advance have requested a copy of the budget and notice of public hearing. On or before October 1 each year, the commission shall adopt, after a public hearing held not later than September 20, a budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. After adoption of the budget and no later than October 1, the secretary of the commission shall certify to the auditor of each county within the region the county share of the tax, which shall be an amount bearing the same proportion to the total levy agreed on by the commission as the net tax capacity of the county bears to the net tax capacity of the region. For taxes levied in 1990 and thereafter, the maximum amounts of levies made for the purposes of sections 462.381 to 462.398 are the following amounts, less the sum of regional planning grants from the ~~state planning agency~~ department of trade and economic development to that region: for Region 1, $180,337; for Region 2, $150,000; for Region 3, $353,110; for Region 5, $195,865; for Region 6E, $197,177; for Region 6W, $150,000; for Region 7E, $158,653; for Region 8, $206,107; for Region 9, $343,572. The auditor of each county in the region shall add the amount of any levy made by the commission within the limits imposed by this subdivision to other tax levies of the county for collection by the county treasurer with other taxes. When collected the county treasurer shall make settlement of the taxes with the commission in the same manner as other taxes are distributed to political subdivisions.

Sec. 59. Minnesota Statutes 1990, section 466A.05, subdivision 1, is amended to read:

Subdivision 1. [PAYMENT OF STATE MONEY.] Upon receiving from a city the certification that a community resources program has been adopted or modified, the commissioner of ~~state planning~~ trade and economic development shall, within 30 days after receiving the certification, pay to the city the amount of state money identified as necessary to implement the community resources program. 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.

Sec. 60. Minnesota Statutes 1990, section 469.203, subdivision 4, is amended to read:

Subd. 4. [CITY APPROVAL OF PROGRAM.] (a) Before adoption of a revitalization program under paragraph (b), the city must submit a preliminary program to the commissioner, the ~~state planning agency~~ department of trade and economic development, and the Minnesota housing finance agency for their comments. 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.

(b) The city may adopt a 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 most widely circulated community newspaper in the targeted neighborhoods not less than ten days nor more than 30 days before the date of the hearing.

(c) 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 and the ~~state planning agency~~ department of trade and economic development.

(d) A revitalization program for the city 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 at least 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 paragraph (c), the city council shall implement the revitalization program approval and certification process of this subdivision for the proposed modification.

Sec. 61. Minnesota Statutes 1990, section 469.207, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL FINANCIAL AUDIT.] In 1989 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 469.201 to 469.207. Before spending state money 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, ~~the state planning agency,~~ and the Minnesota housing finance agency.

Sec. 62. Minnesota Statutes 1990, section 469.207, subdivision 2, is amended to read:

Subd. 2. [ANNUAL REPORT.] A city that begins to implement a revitalization program in a 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 469.203, subdivision 1, clause (4), are being achieved. The report must include at least the following:

(1) the number of housing units, including lost 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;

(2) 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;

(3) 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 for each $20,000 of money spent on commercial projects and applicable public improvement projects;

(4) the increase in the tax capacity for the city as a result of the assistance to commercial and housing assistance; and

(5) the amount of private investment that is a result of the use of public money in a targeted neighborhood.

The report must be submitted to the commissioner, the Minnesota housing finance agency, ~~the state planning agency,~~ and the legislative audit commission, and must be available to the public.

Sec. 63. Minnesota Statutes 1990, section 473.156, subdivision 1, is amended to read:

Subdivision 1. [PLAN COMPONENTS.] The metropolitan council shall develop a short-term and long-term plan for existing and expected water use and supply in the metropolitan area. The plan shall be submitted to and reviewed by ~~the state planning agency and~~ the commissioner of natural resources for consistency with the statewide drought plan under section 103G.293. At a minimum, the plans must:

(1) update the data and information on water supply and use within the metropolitan area;

(2) identify alternative courses of action, including water conservation initiatives and economic alternatives, in case of drought conditions;

(3) recommend approaches to resolving problems that may develop because of water use and supply with consideration given to problems that occur outside of the metropolitan area, but which have an effect within the area; and

(4) be consistent with the statewide drought plan under section 103G.293.

Sec. 64. Minnesota Statutes 1990, section 477A.011, subdivision 3, is amended to read:

Subd. 3. [POPULATION.] Population means the population established by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the metropolitan council, or by a population estimate of the state demographer made pursuant to section ~~116K.04, subdivision 4, clause (10)~~ 5, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year. The term "per capita" refers to population as defined by this subdivision.

Sec. 65. Minnesota Statutes 1990, section 477A.011, subdivision 3a, is amended to read:

Subd. 3a. [NUMBER OF HOUSEHOLDS.] Number of households means the number of households established by the most recent federal census, by a special census conducted under contract with the United States bureau of the census, by an estimate made by the metropolitan council, or by an estimate of the state demographer made pursuant to section ~~116K.04, subdivision 4~~ 5, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year.

Sec. 66. Minnesota Statutes 1990, section 477A.014, subdivision 4, is amended to read:

Subd. 4. The commissioner of ~~state planning~~ administration shall annually bill the commissioner of revenue for one-half of the costs incurred by the ~~state planning agency~~ department of administration in the preparation of materials required by section ~~116K.04, subdivision 4, clause (10)~~ 5. The commissioner of revenue shall deduct these amounts from the next payments to be made to appropriate local units of government. Amounts deducted must be credited to the general fund.

Sec. 67. Minnesota Statutes 1990, section 504.34, subdivision 5, is amended to read:

Subd. 5. [NOTICE; REQUEST FOR COMMENTS.] A government unit subject to this section must provide for public input in preparing the annual housing impact report, including a public comment period and a public hearing. The government unit must publish notice of its draft annual housing impact report in a newspaper of general circulation in the city by the deadline for completion of the draft annual housing impact report. The notice must include a request for comments on the draft annual housing impact report within the 30 days following the notice, and the date, time, and location of the public hearing on the draft annual housing impact report, to be held within 15 to 30 days following the date of notice. Copies of the notice must be sent to the neighborhood and citizen participation organizations, district planning councils, housing referral and information services, shelters, homeless and tenants advocacy groups, and legal aid offices in the city where the displaced low-income housing was located. Copies of the notice and the draft annual housing impact report must be submitted to ~~the state planning agency and~~ the Minnesota housing finance agency.

Sec. 68. Minnesota Statutes 1990, section 504.34, subdivision 6, is amended to read:

Subd. 6. [FINAL ANNUAL HOUSING IMPACT REPORT.] In preparing and approving a final annual housing impact report, a government unit subject to this section must consider comments received during the comment period and at the public hearing on the draft report. The final report shall be prepared within 30 days following the deadline for receipt of comments on the draft annual housing impact report. The government unit shall publish notice of the final annual housing impact report in a newspaper of general circulation in the city. Copies of the notice must be sent to neighborhood and citizen participation organizations, district planning councils, housing referral and information services, shelters, homeless and tenants advocacy groups, and legal aid offices in the city where the displaced low-income housing was located. Copies of the notice and the draft annual housing impact report must be submit-

ted to ~~the state planning agency and~~ the Minnesota housing finance agency.

Sec. 69. [TRANSFERS.]

(a) All powers and duties of the state planning agency relating to developmental disability and the developmental disability council are transferred to the commissioner of administration.

(b) The authority of the state planning agency to conduct a timber harvesting generic environmental impact statement is transferred to the commissioner of administration.

(c) Authority of the state planning agency to administer state and federal grants and other state and federal programs is assigned to the commissioner of administration, to the extent not otherwise assigned by sections 1 to 69 or other law.

Sec. 70. [EFFECT OF TRANSFERS.]

Minnesota Statutes, section 15.039, subdivisions 1 to 6, applies to transfers under sections 1 to 69. Section 15.039, subdivision 7, does not apply. Complement transfers are as follows:

(1) Thirty general fund positions associated with the state demographer, the land management information center, the developmental disability council, telecommunications policy, and the environmental quality board are transferred from the state planning agency to the department of administration. All other general fund complement positions in the state planning agency are abolished.

(2) Positions in the state planning agency funded by a fund other than the general fund are transferred according to Minnesota Statutes, section 15.039, subdivision 7, to the agency to which responsibilities are transferred by sections 1 to 69.

This section does not abrogate or modify any rights enjoyed by affected employees under the managerial or commissioner's plan under Minnesota Statutes, section 43A.18, or the terms of an agreement between an exclusive representative of state employees and the state.

Sec. 71. [REPEALER.]

Minnesota Statutes 1990, sections 40A.02, subdivision 2; 40A.08; 116K.01; 116K.02; 116K.03; 116K.04; 116K.05; 116K.06; 116K.07; 116K.08; 116K.09; 116K.10; 116K.11; 116K.12; 116K.13; 116K.14; 144.861; and 144.874, subdivision 7, are repealed.

Sec. 72. [EFFECTIVE DATE.]

This article is effective July 1, 1992."

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, penalties, and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; consolidating certain funds and accounts and making conforming changes; changing the organization, operation, financing, and management of certain courts and related offices; amending Minnesota Statutes 1990, sections 2.722, subdivision 1, and by adding a subdivision; 3.885, subdivisions 3 and 6; 8.06; 14.07, subdivisions 1 and 2; 14.08; 14.26; 15.191, subdivision 1; 15.50, subdivision 3; 15A.081, subdivision 1; 16A.27, subdivision 5; 16A.45, subdivision 1; 16A.641, subdivision 3; 16A.662, subdivision 4; 16A.672, subdivision 9; 16A.69, by adding a subdivision; 16A.721, subdivision 1; 16B.24, subdivisions 5 and 6; 16B.36, subdivision 1; 16B.41, subdivision 2, and by adding a subdivision; 16B.465, subdivision 4; 16B.48, subdivision 2; 17.49, subdivision 1; 62D.122; 62J.02, subdivisions 2 and 3; 79.34, subdivision 1; 103B.311, subdivision 7; 103B.315, subdivision 5; 103F.761, subdivision 1; 103H.101, subdivision 4; 103H.175, subdivisions 1 and 2; 115A.072, subdivision 1; 116C.03, subdivisions 2, 4, and 5; 116C.712, subdivisions 3 and 5; 116J.8765, by adding a subdivision; 116L.03, subdivisions 1 and 2; 124C.03, subdivisions 2, 3, 8, 9, 10, 12, 14, 15, and 16; 126A.02, subdivisions 1 and 2; 126A.03; 128C.12, subdivision 1; 138.17, subdivision 1; 144.70, subdivision 2; 144A.071, subdivision 5; 145.926, subdivisions 1, 4, 5, 7, and 8; 145A.02, subdivision 16; 145A.09, subdivision 6; 160.276, by adding a subdivision; 176A.11; 214.141; 256H.25, subdivision 1; 268.361, subdivision 3; 271.06, subdivision 4; 271.19; 275.14; 275.51, subdivision 6; 275.54, subdivision 3; 299A.30, subdivision 2; 299A.31, subdivision 1; 299A.40, subdivision 4; 356.215, subdivisions 4d and 4g; 357.24; 363.121; 368.01, subdivision 1a; 373.40, subdivision 1; 402.045; 422A.05, by adding subdivisions; 422A.101; 422A.17; 422A.23, subdivision 2; 462.384, subdivision 7; 462.396, subdivision 2; 466A.05, subdivision 1; 469.203, subdivision 4; 469.207, subdivisions 1 and 2; 473.156, subdivision 1; 474A.03, by adding a subdivision; 477A.011, subdivisions 3 and 3a; 477A.014, subdivision 4; 480.181, by adding a subdivision; 480.24, subdivision 3; 480.242, subdivision 2 and by adding a subdivision; 481.10; 504.34, subdivisions 5 and 6; 590.05; 593.48; 609.101, subdivision 1; 611.14; 611.18; 611.25, subdivision 1;

611.26, subdivision 6, and by adding subdivisions; 611.27, subdivisions 1 and 4; 626.861, by adding a subdivision; 643.29, subdivision 1; Laws 1989, chapter 335, article 1, section 7; article 3, section 44, as amended; and Laws 1990, chapter 610, article 1, section 27; proposing coding for new law in Minnesota Statutes, chapters 4; 7; 16A; 16B; 43A; 116J; 270; 356; and 471; repealing Minnesota Statutes 1990, sections 3C.035, subdivision 2; 3C.056; 8.15; 14.32, subdivision 2; 40A.02, subdivision 2; 40A.08; 116K.01; 116K.02; 116K.03; 116K.04; 116K.05; 116K.06; 116K.07; 116K.08; 116K.09; 116K.10; 116K.11; 116K.12; 116K.13; 116K.14; 144.861; 144.874, subdivision 7; 480.250; 480.252; 480.254; 480.256; 611.215, subdivision 4; 611.261; 611.28; 611.29; Laws 1989, chapter 335, article 3, section 54, as amended; and Laws 1990, chapter 604, article 9, section 14."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 719 and 1631 were read for the second time.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Simoneau requested immediate consideration of H. F. No. 700.

H. F. No. 700 was reported to the House.

Welle moved to amend H. F. No. 700, the third engrossment, as follows:

Page 201, line 8, after the period insert "If a project has been previously approved by the voters, changes in that project that do not change the total project cost do not require further voter approval."

The motion prevailed and the amendment was adopted.

Kinkel; Johnson, R., and McEachern moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 139, line 31, delete "must" and insert "may"

The motion prevailed and the amendment was adopted.

Kinkel; Bauerly; Hanson; Olson, K.; Schafer; Hasskamp; Pelowski; Johnson, R.; McEachern; Bettermann and Thompson moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 134, after line 6, insert:

"Sec. 8. Minnesota Statutes 1990, section 123.3514, subdivision 4c, is amended to read:

Subd. 4c. [LIMIT ON PARTICIPATION.] A pupil who first enrolls in grade 11 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of two academic years. A pupil who first enrolls in grade 12 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of one academic year. If a pupil in grade 11 or 12 first enrolls in a post-secondary course for secondary credit during the school year, the time of participation shall be reduced proportionately. A pupil who has graduated from high school cannot participate in a program under this section. A pupil who has completed course requirements for graduation but who has not received a diploma may participate in the program under this section.

Any person who fails to achieve at least a letter grade C or the equivalent in a post-secondary course or program under this section is ineligible to enroll in a course or continue in a program under this section for the next two quarters or equivalent term."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Weaver, Ozment, Swenson, Blatz, Morrison, Henry, Lynch, Pauly, McPherson and Leppik moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 49, after line 20, insert:

"Sec. 4. [124.2716] [PREVENTION AND RISK REDUCTION.]

Subdivision 1. [ELIGIBILITY.] A school board may use the revenue authorized in subdivisions 3 and 4 at each elementary school for which a site-based management council has been established and which adopts a prevention and risk reduction plan according to this subdivision. The council must be composed of parents or families and educators. The educators must include student service professionals, teachers, and administrators. Each council shall develop a prevention and risk reduction plan and submit it to the school board. If the school board approves the plan, the district may receive and use the revenue authorized for fiscal year 1993, and thereafter. Fiscal year 1992 funds may be utilized for the planning process. Plans for fiscal year 1993 must be submitted to the commissioner of education between January 1, 1992, and November 1, 1992.

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

(a) Needs assessment of prevention and risk issues including, but not limited to:

(1) alcohol and other drugs – family or student;

(2) mental health;

(3) medically fragile;

(4) physical, sexual, and psychological abuse;

(5) economically disadvantaged;

(6) failing in school;

(7) violence or delinquency;

(8) homelessness;

(9) adjudicated children in need of protection or services;

(10) health issues; and

(11) social service issues.

(b) Identification, assessment, and evidence of coordination of available services in school, health agencies, social service agencies, community agencies, and early childhood programs. This item may be addressed at district or multidistrict levels by groups of site council representatives to assure collaboration, avoid duplication of effort, and improve cost effectiveness of coordination.

(c) Identification of gaps in services and programs.

(d) Identification and prioritization of training needs of staff and families.

(e) Process for identification and implementation of prevention curriculum and services.

(f) Process for identification and referral, including case management.

(g) Procedures for evaluating efforts and setting future priorities.

(h) Process for involving families.

(i) Identification of resources to be coordinated and/or allocated.

(j) Recommendations for use of fiscal year 1993 funds to meet building prevention and risk reduction needs.

(k) Provisions for annual review of plans and recommendations by the site-based management *council for future years.*

Subd. 3. [PREVENTION AND RISK REDUCTION REVENUE.] For fiscal year 1992, prevention and risk reduction revenue equals $3.70 times the number of actual pupil units in kindergarten through grade 6 in the district. For fiscal year 1993 and thereafter, prevention and risk reduction revenue equals $11.98 times the number of actual pupil units in kindergarten through grade 6 in the district.

Subd. 4. [PREVENTION AND RISK REDUCTION LEVY.] To obtain prevention and risk reduction revenue, a district may levy *the amount* raised by a tax rate of .047 percent times the adjusted net tax capacity of the district for taxes payable in 1992 and thereafter. If the amount of the prevention and risk reduction levy would exceed the prevention and risk reduction revenue, the prevention and risk reduction levy shall equal the prevention and risk reduction revenue.

Subd. 5. [PREVENTION AND RISK REDUCTION AID.] For fiscal year 1992, a district's prevention and risk reduction aid is equal to its prevention and risk reduction revenue. Beginning in fiscal year 1993, a district's prevention and risk reduction aid is the difference between its prevention and risk reduction revenue and its prevention and risk reduction levy. If the district does not levy the entire amount permitted, the prevention and risk *reduction* aid shall be reduced in proportion to the actual amount levied.

Subd. 6. [OTHER FUNDING.] Schools may accept:

(1) resources and services from post-secondary institutions;

(2) resources and services from department of human services and county human services;

(3) resources and services from department of health and public health departments;

(4) resources and services from department of education and regional education entities;

(5) resources and services from department of jobs and training; and

(6) private resources, foundation grants, gifts, corporate contributions, federal grants, and other grants.

Subd. 7. [USES OF PREVENTION AND RISK REDUCTION REVENUE.] For fiscal year 1992, funds must be used to create the prevention and risk reduction plan. Fiscal year 1992 funds may also be used to implement the plan. For fiscal year 1993, funds shall be utilized to implement the plan. Permitted uses include:

(1) increase the number of student service professionals providing counseling and support services to children and families;

(2) pool resources with other schools and/or districts to increase the number of student service professionals;

(3) facilitate co-location of services for families at or near schools;

(4) pool resources with other agencies to provide services; and

(5) in all instances, funds must be used to supplement or increase existing services and programs, and in no case shall funds be used to supplant existing services and programs.

Subd. 8. [ROLE OF THE DEPARTMENT.] The department shall:

(1) provide technical assistance to districts to implement this program;

(2) review building plans; and

(3) report to the legislature regarding implementation of subdivisions 1 to 7. This report must be part of the biennial budget document. Supplemental information may be provided as appropriate."

Page 67, after line 26, insert:

"Subd. 19. [PREVENTION AND RISK REDUCTION.] For prevention and risk reduction:

$1,275,000	.....	1992
$3,115,000	.....	1993

The 1992 appropriation includes $1,275,000 for 1992.

The 1993 appropriation includes $225,000 for 1992 and $2,890,000 for 1993."

Page 89, after line 31, insert:

"Sec. 22. [FAMILIES PLUS: INNOVATIVE SERVICE DELIVERY.]

Subdivision 1. [FOCUS.] The focus of the Families Plus initiative is to foster the delivery of integrated services at the neighborhood and community level. The services to be integrated are an array of support for all families to intense, comprehensive treatment strategies for families with multiple risk factors. Families Plus focuses on multiple services for families with children from prebirth to 21 years of age. The commissioner of the state planning agency shall award grants to eligible applicants whose programs are in accord with the goals and characteristics of this section and the criteria adopted by the steering committee required by this section.

Subd. 2. [GOALS.] To receive a grant under this section, an applicant's plan must demonstrate the coordination and integration of services that:

(1) encourage families to make better use of existing community services;

(2) help families to build a network of friends, relatives, and community people to support them in raising children;

(3) expand identification of factors which can be deterrents to optimal development;

(4) identify needed services for families and children and find ways to support them;

(5) raise public awareness about the practices and importance of healthy child development;

(6) raise the quality of community services by providing programs with information, technical assistance, and incentives for coordination; and

(7) identify barriers to service.

Subd. 3. [CHARACTERISTICS.] Plans providing for the consolidation and integration of services will be eligible to receive grants under this section if the plan has the general characteristics enumerated in this subdivision:

(1) has a locally determined approach to design and implementation;

(2) is family-focused; and neighborhood and community centered;

(3) is administered by a community council composed of residents, service providers, schools, and business and civic organizations;

(4) has inclusive participation, culturally-appropriate approaches;

(5) provides for co-location of services to the extent possible; and

(6) provides for family mutual support networks, and for parenting education and support at all levels and through all existing programs.

Subd. 4. [POSSIBLE PROGRAM ELEMENTS.] To receive grants under this section, a thorough community assessment of existing services and gaps must be completed and a system designed for integrating and expanding some or all of the following program components:

(1) family resource centers;

(2) way to grow;

(3) early childhood screening;

(4) children's health plan and other primary health care;

(5) early childhood family education expanded to grade three;

(6) headstart wrap-around program;

(7) mentoring programs;

(8) child care;

(9) educational opportunities for children and parents; and

(10) home visits by paraprofessional community residents to link families to services.

Subd. 5. [DESIRABLE PROGRAM COMPONENTS.] Any plan to receive grants under this section is encouraged to have or develop the following components in its delivery system:

(1) community linkages, by providing centralized information, referral, and service coordination for families and service providers, including identifying gaps in existing services;

(2) home visits to families of newborns, and other families as appropriate, by trained paraprofessionals working within communities and neighborhoods;

(3) public education and outreach;

(4) education and training for families by paraprofessional home visitors; and

(5) an evaluation plan for measuring the outcomes of the program.

Subd. 6. [IMPLEMENTATION.] The grant program under this section must be administered by the commissioner of the state planning agency by convening a steering committee made up of representatives from the business community, the department of health, the department of human services, the department of education, the department of corrections, the department of jobs and training, the department of public safety, the council on black Minnesotans, the Spanish-speaking affairs council, the Asian-Pacific council, and the Indian affairs council. The steering committee shall:

(1) form criteria for project selection that include goals, measurable objectives, and evaluation strategy;

(2) review and recommend projects for funding to the commissioner of the state planning agency; and

(3) assess and eliminate, as appropriate, barriers to service as identified by local recipients or providers.

Subd. 7. [GRANT AWARDS.] (a) The commissioner of the state planning agency shall award grants as provided in this section after considering the recommendations of the steering committee. Grants of up to $10,000 may first be awarded for needs assessment, community organization, or program development.

(b) On successful completion and evaluation of the use of the planning grants, implementation grants may be awarded for up to $50,000 to implement a service delivery program under this section.

(c) The grants must be awarded on a competitive basis based on criteria contained in the request for proposals.

(d) The grants must reflect the cultural diversity of the grantee's community.

(e) The fiscal agent for the grant recipient must be a public, private, or nonprofit agency to provide an appropriate audit trail.

(f) Grants must also take into account geographical distribution among metropolitan, suburban, and rural areas.

Subd. 8. [REPORT.] The commissioner of the state planning agency after consultation with the steering committee shall report to the governor and the legislature in January of 1992 and 1993 on the progress of the family plus program and recommendations for the next two years."

Page 92, after line 20, insert:

"Subd. 12. [FAMILIES PLUS.] For the families plus program:

$2,000,000 1992

$2,000,000 1993

Money for implementation grants must not be disbursed to the grantee until an equal amount is available from other state or nonstate sources.

Subd. 13. [SCHOOL AGE CHILD CARE.] For school age child care:

$500,000 1993

Up to $50,000 of this appropriation is for administering and evaluating the activity."

Page 92, line 27, delete "$950,000" and insert "$1,000,000"

Page 92, after line 27, insert "$1,000,000 ..... 1993"

Page 95, delete lines 34 to 36

Page 96, delete lines 1 to 13

Page 96, delete lines 32 to 36

Delete pages 97 and 98

Page 99, delete lines 1 to 26

Page 106, delete lines 32 to 34

Renumber subsequent sections

Correct internal cross references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Weaver et al amendment and the roll was called.

Bauerly moved that those not voting be excused from voting. The motion prevailed.

There were 52 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Johnson, V.	Nelson, S.	Stanius
Anderson, R. H.	Goodno	Knickerbocker	Newinski	Sviggum
Bettermann	Gruenes	Krinkie	Olsen, S.	Swenson
Bishop	Gutknecht	Leppik	Ozment	Tompkins
Blatz	Hartle	Limmer	Pauly	Uphus
Boo	Haukoos	Lynch	Pellow	Valento
Davids	Heir	Macklin	Runbeck	Weaver
Dempsey	Henry	Marsh	Schafer	Welker
Dille	Hufnagle	McGuire	Schreiber	
Erhardt	Hugoson	McPherson	Seaberg	
Frederick	Jacobs	Morrison	Smith	

Those who voted in the negative were:

Anderson, I.	Garcia	Lasley	Orfield	Sparby
Battaglia	Greenfield	Lieder	Osthoff	Steensma
Bauerly	Hanson	Long	Ostrom	Thompson
Beard	Hasskamp	Lourey	Pelowski	Trimble
Begich	Hausman	Mariani	Peterson	Tunheim
Bertram	Janezich	McEachern	Pugh	Vellenga
Bodahl	Jaros	Milbert	Reding	Wagenius
Brown	Jefferson	Munger	Rest	Waltman
Carlson	Jennings	Murphy	Rice	Wejcman
Carruthers	Johnson, A.	Nelson, K.	Rodosovich	Welle
Clark	Johnson, R.	O'Connor	Rukavina	Wenzel
Cooper	Kahn	Ogren	Sarna	Winter
Dauner	Kalis	Olson, E.	Scheid	Spk. Vanasek
Dawkins	Kelso	Olson, K.	Segal	
Dorn	Kinkel	Omann	Simoneau	
Farrell	Koppendrayer	Onnen	Skoglund	
Frerichs	Krueger	Orenstein	Solberg	

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

CALL OF THE HOUSE LIFTED

Johnson, R., moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

Leppik; Morrison; Olsen, S.; Knickerbocker; Garcia; Segal; Abrams; Kelso; Pauly; Henry and Blatz moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 7, delete lines 33 to 36

Page 8, delete lines 1 to 8

Page 8, line 12, delete "minus the"

Page 8, delete line 13

Page 8, line 14, delete "zero"

Page 8, line 22, delete "minus the district's referendum allowance"

Page 13, line 25, delete everything after the period

Page 13, delete lines 26 and 27

Page 14, line 16, delete ".8" and insert ".9"

Page 14, line 18, delete "$575" and insert "$1,200"

Page 15, delete lines 3 to 16

Page 16, line 33, strike "training and experience"

Page 16, line 34, strike the first "revenue"

Page 24, line 25, delete "$1,751,698,000" and insert "$1,772,898,000"

Page 24, line 29, delete "$1,493,850,000" and insert "$1,515,050,000"

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 Leppik et al amendment and the roll was called. There were 40 yeas and 92 nays as follows:

Those who voted in the affirmative were:

Abrams	Garcia	Knickerbocker	Milbert	Schreiber
Blatz	Goodno	Krinkie	Morrison	Segal
Boo	Gutknecht	Leppik	Newinski	Smith
Carlson	Haukoos	Limmer	Olsen, S.	Tompkins
Carruthers	Heir	Lynch	Pauly	Valento
Davids	Henry	Macklin	Pellow	Wagenius
Erhardt	Hufnagle	McGuire	Pugh	Weaver
Frederick	Kelso	McPherson	Rest	Wejcman

Those who voted in the negative were:

Anderson, I.	Girard	Koppendrayer	Orenstein	Sparby
Anderson, R.	Greenfield	Krueger	Orfield	Stanius
Anderson, R. H.	Gruenes	Lasley	Osthoff	Steensma
Battaglia	Hanson	Lieder	*Ostrom*	*Sviggum*
Bauerly	Hartle	Long	Ozment	Swenson
Beard	Hasskamp	Lourey	Pelowski	Thompson
Begich	Hausman	Mariani	Peterson	Trimble
Bertram	Hugoson	Marsh	Reding	Tunheim
Bettermann	Jacobs	McEachern	Rice	Uphus
Bodahl	Janezich	Munger	Rodosovich	Vellenga
Brown	Jaros	Murphy	Rukavina	Waltman
Cooper	Jefferson	Nelson, K.	Runbeck	Welker
Dauner	Jennings	Nelson, S.	Sarna	Welle
Dawkins	Johnson, A.	O'Connor	Schafer	Wenzel
Dempsey	Johnson, R.	Ogren	Scheid	Winter
Dille	Johnson, V.	Olson, E.	Seaberg	Spk. Vanasek
Dorn	Kahn	Olson, K.	Simoneau	
Farrell	Kalis	Omann	Skoglund	
Frerichs	Kinkel	Onnen	Solberg	

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

Leppik; Morrison; Olsen, S.; Garcia; Segal; Kelso; Pauly; Abrams and Henry moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 8, delete lines 18 to 28

Renumber remaining subdivisions

Correct internal references

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

Hartle; Leppik; Schafer; Knickerbocker; Frerichs; Morrison; Anderson, R. H.; Hugoson and Ozment moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 133, after line 7, insert:

"The number of additional instructional days for each year required under this section are required only if basic general education revenue under section 124A.22 is increased by the proportionate amount per actual pupil unit per day based on the formula in effect for each year of implementation. Capital facilities revenue and transportation revenue must be proportionately increased in the same manner."

Page 138, after line 11, insert:

"The number of additional days for each year required under this section are required only if basic general education revenue under section 124A.22 is increased by the proportionate amount per actual pupil unit per day based on the formula in effect for each year of implementation. Capital facilities revenue and transportation revenue must be proportionately increased in the same manner."

A roll call was requested and properly seconded.

The question was taken on the Hartle et al amendment and the roll was called. There were 55 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Johnson, V.	Newinski	Smith
Anderson, R.	Goodno	Knickerbocker	Olsen, S.	Stanius
Anderson, R. H.	Gutknecht	Koppendrayer	Omann	Sviggum
Bettermann	Hartle	Krinkie	Onnen	Swenson
Blatz	Haukoos	Leppik	Ozment	Tompkins
Boo	Heir	Limmer	Pauly	Uphus
Davids	Henry	Lynch	Pellow	Valento
Dempsey	Hufnagle	Macklin	Runbeck	Vellenga
Erhardt	Hugoson	Marsh	Schafer	Waltman
Frederick	Jennings	McPherson	Schreiber	Weaver
Frerichs	Johnson, R.	Morrison	Seaberg	Welker

Those who voted in the negative were:

Anderson, I.	Farrell	Lasley	Orenstein	Skoglund
Battaglia	Garcia	Lieder	Orfield	Solberg
Bauerly	Greenfield	Long	Osthoff	Sparby
Beard	Gruenes	Lourey	Ostrom	Steensma
Begich	Hanson	Mariani	Pelowski	Thompson
Bertram	Hausman	McEachern	Peterson	Trimble
Bodahl	Jacobs	McGuire	Pugh	Tunheim
Brown	Janezich	Milbert	Reding	Wagenius
Carlson	Jaros	Munger	Rest	Wejcman
Carruthers	Jefferson	Murphy	Rice	Welle
Clark	Johnson, A.	Nelson, K.	Rodosovich	Wenzel
Cooper	Kahn	Nelson, S.	Rukavina	Winter
Dauner	Kalis	O'Connor	Sarna	Spk. Vanasek
Dawkins	Kelso	Ogren	Scheid	
Dille	Kinkel	Olson, E.	Segal	
Dorn	Krueger	Olson, K.	Simoneau	

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

Olsen, S., moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 18, lines 18 to 20, delete the new language and reinstate the stricken language

Page 24, line 25, delete "$1,751,698,000" and insert "$1,805,000,000"

Page 24, line 29, delete "$1,493,850,000" and insert "$1,547,152,000"

Page 24, after line 32, insert:

"Sec. 27. [REPEALER.]

1991 H. F. No. 1086, article 1, section 2, subdivision 1, paragraph (b), if enacted, is repealed. This repealer is effective the day following final enactment of this act. Notwithstanding the provisions of Minnesota Statutes, section 645.26, this repealer is effective notwithstanding the order of the dates of final enactment of this repealer and the repealed laws."

Page 95, delete lines 34 to 36

Page 96, delete lines 1 to 13

Page 96, delete lines 32 to 36

Delete pages 97 and 98

Page 99, delete lines 1 to 26

Page 106, delete lines 32 to 34

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

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

Waltman, McPherson, Weaver, Bettermann, Ozment, Sviggum and Uphus moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 21, after line 16, insert:

"Sec. 23. [124A.292] [RESERVED REVENUE FOR ELEMENTARY TEACHER PREPARATION TIME.]

If a district has not established preparation time requirements for elementary staff that are the same in the total number of minutes to preparation time requirements for secondary school staff, an amount of revenue, not to exceed $20 times the number of actual pupil units of the district's basic revenue under section 124A.22, subdivision 2, is reserved and may be used only to provide elementary teacher preparation time. For purposes of this section, expenditures for elementary teacher preparation time under a program established before July 1, 1991 must be included in computing a district's total expenditures for elementary teacher preparation time."

Page 182, after line 8, insert:

"Sec. 20. [125.189] [ELEMENTARY PREPARATION TIME.]

Beginning with the 1991-1992 school year, a school district must establish preparation time requirements for elementary staff that are the same in the total number of minutes to preparation time requirements for secondary school staff."

Page 183, delete lines 31 to 36

Page 184, delete lines 1 to 8

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 Waltman et al amendment and the roll was called. There were 58 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Abrams	Davids	Goodno	Hugoson	Leppik
Anderson, R.	Dempsey	Gruenes	Jennings	Limmer
Bettermann	Dille	Gutknecht	Johnson, R.	Lynch
Bishop	Erhardt	Hartle	Johnson, V.	Macklin
Blatz	Frederick	Heir	Knickerbocker	Marsh
Boo	Frerichs	Henry	Koppendrayer	McPherson
Carruthers	Girard	Hufnagle	Krinkie	Morrison

Newinski	Pauly	Seaberg	Swenson	Weaver
Olsen, S.	Pellow	Smith	Tompkins	Welker
Omann	Runbeck	Sparby	Uphus	Wenzel
Onnen	Schafer	Stanius	Valento	
Ozment	Schreiber	Sviggum	Waltman	

Those who voted in the negative were:

Anderson, I.	Farrell	Lasley	Orfield	Skoglund
Anderson, R. H.	Greenfield	Lieder	Osthoff	Solberg
Battaglia	Hanson	Long	Ostrom	Steensma
Bauerly	Hasskamp	Mariani	Pelowski	Thompson
Beard	Hausman	McEachern	Peterson	Trimble
Begich	Jacobs	McGuire	Pugh	Tunheim
Bertram	Janezich	Milbert	Reding	Vellenga
Bodahl	Jaros	Munger	Rest	Wagenius
Brown	Jefferson	Murphy	Rice	Wejcman
Carlson	Johnson, A.	Nelson, K.	Rodosovich	Welle
Clark	Kahn	Nelson, S.	Rukavina	Winter
Cooper	Kalis	O'Connor	Sarna	Spk. Vanasek
Dauner	Kelso	Ogren	Scheid	
Dawkins	Kinkel	Olson, K.	Segal	
Dorn	Krueger	Orenstein	Simoneau	

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

Swenson, Stanius, McPherson, Ozment, Weaver and Jennings offered an amendment to H. F. No. 700, the third engrossment, as amended.

POINT OF ORDER

Nelson, K., raised a point of order pursuant to rule 3.10 that the Swenson et al amendment was not in order. Speaker pro tempore Krueger ruled the point of order well taken and the amendment out of order.

Ozment; Stanius; Sviggum; Weaver; Johnson, V.; Schafer and Frederick moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 8, line 33, delete "the sum of the three" and insert "18"

Page 8, delete lines 34 and 35

Page 8, line 36, before "percent" insert "18"

Page 9, delete lines 2 to 7

Page 9, delete lines 11 and 12

Page 9, line 14, delete "the sum of the following:"

Page 9, delete lines 15 to 22

Page 9, line 23, delete "tier" and insert "its"

Page 9, line 23, after "referendum" insert "equalization"

Page 9, line 27, delete "for tier two or tier three revenue"

Page 9, line 28, delete "limits" and insert "limit"

Page 24, line 25, delete "$1,751,698,000" and insert "$1,760,283,000"

Page 24, line 29, delete "$1,493,850,000" and insert "$1,502,435,000"

Page 95, delete lines 34 to 36

Page 96, delete lines 1 to 13

Page 96, delete lines 32 to 36

Delete pages 97 and 98

Page 99, delete lines 1 to 26

Page 106, delete lines 32 to 34

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 Ozment et al amendment and the roll was called. There were 45 yeas and 87 nays as follows:

Those who voted in the affirmative were:

Anderson, R. H.	Frederick	Haukoos	Macklin	Onnen
Bettermann	Frerichs	Heir	McPherson	Ostrom
Boo	Girard	Hugoson	Morrison	Ozment
Brown	Goodno	Johnson, V.	Nelson, S.	Pellow
Davids	Gruenes	Koppendrayer	Newinski	Runbeck
Dempsey	Gutknecht	Limmer	Olsen, S.	Schafer
Dille	Hartle	Lynch	Olson, K.	Schreiber

Seaberg	Sviggum	Tompkins	Valento	Weaver
Stanius	Swenson	Uphus	Waltman	Welker

Those who voted in the negative were:

Abrams	Farrell	Knickerbocker	Olson, E.	Skoglund
Anderson, I.	Garcia	Krinkie	Omann	Smith
Anderson, R.	Greenfield	Krueger	Orenstein	Solberg
Battaglia	Hanson	Lasley	Orfield	Sparby
Bauerly	Hasskamp	Leppik	Osthoff	Steensma
Beard	Hausman	Lieder	Pauly	Thompson
Begich	Henry	Long	Pelowski	Trimble
Bertram	Hufnagle	Lourey	Peterson	Tunheim
Blatz	Jacobs	Mariani	Pugh	Vellenga
Bodahl	Janezich	Marsh	Reding	Wagenius
Carlson	Jaros	McEachern	Rest	Wejcman
Carruthers	Jefferson	McGuire	Rice	Welle
Clark	Jennings	Milbert	Rodosovich	Wenzel
Cooper	Johnson, A.	Munger	Rukavina	Winter
Dauner	Kahn	Murphy	Sarna	Spk. Vanasek
Dawkins	Kalis	Nelson, K.	Scheid	
Dorn	Kelso	O'Connor	Segal	
Erhardt	Kinkel	Ogren	Simoneau	

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

Johnson, R., moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 148, after line 13, insert:

"Sec. 29. Minnesota Statutes 1990, section 275.125, is amended by adding a subdivision to read:

Subd. 6j. [HEALTH INSURANCE LEVY.] A school district may levy the amount necessary to make employer contributions for insurance for retired employees under a law permitting employer-paid health insurance as an early retirement incentive."

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 Johnson, R., amendment and the roll was called. There were 128 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Garcia	Kinkel	Olsen, S.	Simoneau
Anderson, I.	Girard	Knickerbocker	Olson, E.	Skoglund
Anderson, R.	Goodno	Koppendrayer	Olson, K.	Smith
Anderson, R. H.	Greenfield	Krinkie	Omann	Solberg
Battaglia	Gruenes	Krueger	Onnen	Sparby
Bauerly	Gutknecht	Lasley	Orenstein	Stanius
Beard	Hanson	Leppik	Orfield	Steensma
Begich	Hartle	Lieder	Osthoff	Sviggum
Bertram	Hasskamp	Limmer	Ostrom	Swenson
Bettermann	Haukoos	Long	Ozment	Thompson
Blatz	Hausman	Lourey	Pellow	Tompkins
Bodahl	Heir	Lynch	Pelowski	Trimble
Brown	Henry	Macklin	Peterson	Tunheim
Carlson	Hufnagle	Mariani	Pugh	Uphus
Carruthers	Hugoson	Marsh	Reding	Valento
Clark	Jacobs	McEachern	Rest	Vellenga
Cooper	Janezich	McGuire	Rice	Wagenius
Dauner	Jaros	McPherson	Rodosovich	Waltman
Davids	Jefferson	Milbert	Rukavina	Weaver
Dawkins	Jennings	Morrison	Runbeck	Wejcman
Dille	Johnson, A.	Munger	Sarna	Welker
Dorn	Johnson, R.	Murphy	Schafer	Wenzel
Erhardt	Johnson, V.	Nelson, K.	Scheid	Winter
Farrell	Kahn	Nelson, S.	Schreiber	Spk. Vanasek
Frederick	Kalis	Newinski	Seaberg	
Frerichs	Kelso	O'Connor	Segal	

Those who voted in the negative were:

Boo	Dempsey

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Sviggum moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 6, line 13, strike "of the previous school year" and insert ", 1989"

Page 21, after line 33, insert:

"Sec. 24. [124A.305] [EQUITY AID.]

Equity aid for each eligible district is equal to the greater of zero or the product of the district's pupil units for that school year times the difference that results when the district's general education revenue per pupil unit is subtracted from the statewide average general education revenue per pupil unit. A district is eligible for equity aid if the district's referendum allowance is less than $1,000."

Page 24, line 24, delete "$1,627,203,000" and insert "$1,621,403,000"

Page 24, line 25, delete "$1,751,698,000" and insert "$1,767,598,000"

Page 24, line 27, delete "$1,379,901,000" and insert "$1,374,971,000"

Page 24, line 28, delete "$257,848,000" and insert "$256,978,000"

Page 24, line 29, delete "$1,493,850,000" and insert "$1,509,750,000"

Page 24, after line 29, insert "The appropriation for 1993 includes $23,800,000 for equity aid under section 24. If this amount is insufficient to bring all districts up to the state average revenue per pupil unit, the equity aid for each district shall be prorated."

Page 24, line 36, delete "Section 23 is" and insert "Sections 23 and 24 are"

Page 24, line 36, delete "applies" and insert "apply"

Page 95, delete lines 34 to 36

Page 96, delete lines 1 to 13

Page 96, delete lines 23 to 36

Delete pages 97 and 98

Page 99, delete lines 1 to 26

Page 106, delete lines 32 to 34

Renumber subsequent sections

Correct internal references

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 50 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Anderson, R. H.	Girard	Jacobs	Newinski	Smith
Bettermann	Goodno	Johnson, V.	Olsen, S.	Sviggum
Blatz	Gruenes	Knickerbocker	Olson, K.	Swenson
Boo	Gutknecht	Limmer	Onnen	Tompkins
Carruthers	Hartle	Lynch	Ozment	Uphus
Davids	Haukoos	Macklin	Pellow	Valento
Dempsey	Heir	Marsh	Runbeck	Waltman
Dille	Henry	McPherson	Schafer	Weaver
Frederick	Hufnagle	Morrison	Schreiber	Welker
Frerichs	Hugoson	Nelson, S.	Seaberg	Wenzel

Those who voted in the negative were:

Abrams	Farrell	Krinkie	Omann	Skoglund
Anderson, I.	Garcia	Krueger	Orenstein	Solberg
Anderson, R.	Greenfield	Lasley	Orfield	Sparby
Battaglia	Hanson	Leppik	Osthoff	Steensma
Bauerly	Hasskamp	Lieder	Ostrom	Thompson
Beard	Hausman	Long	Pelowski	Trimble
Begich	Janezich	Lourey	Peterson	Tunheim
Bertram	Jaros	Mariani	Pugh	Vellenga
Bodahl	Jefferson	McEachern	Reding	Wagenius
Brown	Jennings	McGuire	Rest	Wejcman
Carlson	Johnson, A.	Milbert	Rice	Welle
Clark	Johnson, R.	Munger	Rodosovich	Winter
Cooper	Kahn	Murphy	Rukavina	Spk. Vanasek
Dauner	Kalis	Nelson, K.	Sarna	
Dawkins	Kelso	O'Connor	Scheid	
Dorn	Kinkel	Ogren	Segal	
Erhardt	Koppendrayer	Olson, E.	Simoneau	

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

Krueger and Wenzel moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 126, after line 4, insert:

"The reduction in state education aid to independent school district No. 483 under this section shall not exceed the remaining state aid due the district for fiscal year 1991. It includes any fiscal year 1991 aid paid in fiscal year 1992."

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

Olsen, S.; Abrams and Leppik moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 8, delete lines 18 to 28

Page 12, after line 19, insert:

"Sec. 3. Minnesota Statutes 1990, section 124A.03, is amended by adding a subdivision to read:

Subd. 2a. [SCHOOL REFERENDUM LEVY; MARKET VALUE.] Notwithstanding the provisions of subdivision 2, a school referendum levy approved after the day of final enactment, shall be levied against the market value of all taxable property. Any referendum levy amount subject to the requirements of this subdivision shall be certified separately to the county auditor under section 275.07.

The ballot shall state the maximum amount of the increased levy as a percentage of market value, the amount that will be raised by that new school referendum tax rate in the first year it is to be levied, and that the new school referendum tax rate shall be used to finance school operations.

If approved, the amount provided by the new school referendum tax rate applied to the market value for the year preceding the year the levy is certified, shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

All other provisions of subdivision 2 that do not conflict with this subdivision shall apply to referendum levies under this subdivision."

Renumber remaining subdivisions

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 Olsen, S., et al amendment and the roll was called. There were 43 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abrams	Garcia	Kelso	Olsen, S.	Smith
Blatz	Girard	Knickerbocker	Onnen	Sviggum
Boo	Gutknecht	Koppendrayer	Pauly	Swenson
Davids	Haukoos	Krinkie	Pellow	Tompkins
Dempsey	Henry	Leppik	Rest	Valento
Dille	Hufnagle	Limmer	Runbeck	Waltman
Erhardt	Hugoson	Milbert	Schreiber	Welker
Frederick	Jacobs	Morrison	Seaberg	
Frerichs	Johnson, A.	Newinski	Segal	

Those who voted in the negative were:

Anderson, I.	Dorn	Krueger	Olson, K.	Simoneau
Anderson, R.	Farrell	Lieder	Omann	Skoglund
Anderson, R. H.	Goodno	Long	Orenstein	Solberg
Battaglia	Greenfield	Lourey	Orfield	Sparby
Bauerly	Gruenes	Lynch	Osthoff	Stanius
Beard	Hanson	Macklin	Ostrom	Steensma
Begich	Hartle	Mariani	Ozment	Thompson
Bertram	Hasskamp	Marsh	Pelowski	Trimble
Bettermann	Heir	McEachern	Peterson	Tunheim
Bodahl	Janezich	McGuire	Pugh	Uphus
Brown	Jaros	Munger	Reding	Wagenius
Carlson	Jefferson	Murphy	Rice	Weaver
Carruthers	Johnson, R.	Nelson, K.	Rodosovich	Wejcman
Clark	Johnson, V.	Nelson, S.	Rukavina	Welle
Cooper	Kahn	O'Connor	Sarna	Wenzel
Dauner	Kalis	Ogren	Schafer	Winter
Dawkins	Kinkel	Olson, E.	Scheid	Spk. Vanasek

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

Jacobs moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 183, after line 30, insert:

"Sec. 22. [181A.041] [EMPLOYMENT BEFORE INSTRUCTIONAL DAYS.]

Subject to the exception for newspaper carriers provided by section 181A.07, subdivision 3, on a day preceding a school day, a student who is 16 or 17 years old may not work during the eight consecutive hours prior to the beginning of school the next day."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

POINT OF ORDER

Sviggum raised a point of order pursuant to rule 3.09 that the Jacobs amendment was not in order. The Speaker ruled the point of order not well taken and the amendment in order.

The question recurred on the Jacobs amendment and the roll was called. There were 36 yeas and 95 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Greenfield	Mariani	Ozment	Wejcman
Battaglia	Hausman	McGuire	Pugh	Wenzel
Beard	Jacobs	Milbert	Rest	Winter
Begich	Jaros	Murphy	Rukavina	Spk. Vanasek
Bodahl	Kahn	Nelson, K.	Steensma	
Carlson	Kelso	O'Connor	Trimble	
Clark	Krueger	Ogren	Vellenga	
Farrell	Long	Olsen, S.	Wagenius	

Those who voted in the negative were:

Abrams	Frederick	Johnson, V.	Newinski	Seaberg
Anderson, R.	Frerichs	Kalis	Olson, E.	Segal
Anderson, R. H.	Garcia	Kinkel	Olson, K.	Simoneau
Bauerly	Girard	Knickerbocker	Omann	Skoglund
Bertram	Goodno	Koppendrayer	Onnen	Smith
Bettermann	Gruenes	Krinkie	Orenstein	Solberg
Bishop	Gutknecht	Lasley	Orfield	Sparby
Blatz	Hanson	Leppik	Ostrom	Stanius
Boo	Hartle	Lieder	Pauly	Sviggum
Brown	Haukoos	Limmer	Pellow	Swenson
Carruthers	Heir	Lourey	Pelowski	Thompson
Cooper	Henry	Lynch	Peterson	Tompkins
Dauner	Hufnagle	Macklin	Reding	Tunheim
Davids	Hugoson	Marsh	Rodosovich	Uphus
Dawkins	Janezich	McEachern	Runbeck	Valento
Dempsey	Jefferson	McPherson	Sarna	Waltman
Dille	Jennings	Morrison	Schafer	Weaver
Dorn	Johnson, A.	Munger	Scheid	Welker
Erhardt	Johnson, R.	Nelson, S.	Schreiber	Welle

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

Swenson moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 67, after line 31, insert:

"PART A"

Page 89, after line 31, insert:

"PART B

Section 1. Minnesota Statutes 1990, section 121.88, is amended by adding a subdivision to read:

Subd. 11. [PARENT EDUCATION OPPORTUNITIES PROGRAMS.] A school board may offer, as part of a community

education program, parent education opportunities to help parents develop and improve parenting skills. The district shall attempt to encourage participation by parents of diverse backgrounds and of all cultures and racial groups represented in the district. The programs must be for parents of all children in the district who are enrolled in kindergarten through grade 12 in public and nonpublic schools. Children may, but need not participate in the programs. The programs may include:

(1) helping parents and children to develop healthy self-concepts;

(2) educating parents about the physical, intellectual, and emotional needs of children;

(3) enhancing the skills of parents in providing for their children's learning and development;

(4) providing resource materials that may be borrowed for home use;

(5) providing information about related community resources;

(6) conducting outreach activities to assure participation by a representative cross-section of parents in the district; and

(7) offering other programs or activities.

The programs must be reviewed periodically to assure the instruction, activities, and materials are not racially, culturally, or sexually biased. The programs may, however, reflect the ethnic diversity of the district. The programs must encourage parents to be aware of practices that may affect equitable development of children.

Sec. 2. Minnesota Statutes 1990, section 124.2713, is amended by adding a subdivision to read:

Subd. 5a. [PARENT EDUCATION OPPORTUNITIES REVENUE.] Parent education opportunities revenue for a district equals $1 times the greater of 1,335 or the population of the district.

Sec. 3. Minnesota Statutes 1990, section 124.2713, is amended by adding a subdivision to read:

Subd. 7a. [PARENT EDUCATION OPPORTUNITIES LEVY.] To obtain parent education opportunities revenue, a district may levy an amount up to the amount designated in section 2.

Sec. 4. Minnesota Statutes 1990, section 124.2713, is amended by adding a subdivision to read:

Subd. 10. [USE OF PARENT EDUCATION OPPORTUNITIES REVENUE.] Parent education opportunities revenue may be used only to implement parent education opportunities according to section 1."

Renumber the sections in sequence

Correct internal references

Merge Parts A and B

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Swenson amendment and the roll was called. There were 60 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Johnson, V.	Olsen, S.	Steensma
Anderson, R.	Girard	Knickerbocker	Omann	Sviggum
Anderson, R. H.	Goodno	Koppendrayer	Onnen	Swenson
Bettermann	Gruenes	Krinkie	Ozment	Thompson
Bishop	Gutknecht	Leppik	Pauly	Tompkins
Blatz	Hartle	Limmer	Pellow	Uphus
Boo	Haukoos	Lynch	Runbeck	Valento
Davids	Heir	Macklin	Schafer	Waltman
Dempsey	Henry	Marsh	Schreiber	Weaver
Dille	Hufnagle	McPherson	Seaberg	Welker
Erhardt	Hugoson	Morrison	Smith	Wenzel
Frederick	Jennings	Newinski	Stanius	Winter

Those who voted in the negative were:

Anderson, I.	Farrell	Krueger	Olson, K.	Segal
Battaglia	Garcia	Lasley	Orenstein	Simoneau
Bauerly	Greenfield	Lieder	Orfield	Skoglund
Beard	Hanson	Long	Osthoff	Solberg
Begich	Hausman	Lourey	Ostrom	Sparby
Bertram	Jacobs	Mariani	Pelowski	Trimble
Bodahl	Janezich	McGuire	Peterson	Tunheim
Brown	Jaros	Milbert	Pugh	Vellenga
Carlson	Jefferson	Munger	Reding	Wagenius
Carruthers	Johnson, A.	Murphy	Rest	Wejcman
Clark	Johnson, R.	Nelson, K.	Rice	Welle
Cooper	Kahn	Nelson, S.	Rodosovich	Spk. Vanasek
Dauner	Kalis	O'Connor	Rukavina	
Dawkins	Kelso	Ogren	Sarna	
Dorn	Kinkel	Olson, E.	Scheid	

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

Swenson, Stanius, McPherson, Weaver and Jennings moved to amend H. F. No. 700, the third engrossment, as amended, as follows:

Page 21, line 15, after "provide" insert "either parent education programs or"

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

H. F. No. 700, A bill for an act relating to education; providing for general education revenue; transportation; special programs; community service programs; facilities and equipment; other aids and levies; miscellaneous education related programs; library programs; education agency services; art education programs; maximum effort school loan programs; authorizing bonding; appropriating money; amending Minnesota Statutes 1990, sections 120.08, subdivision 3; 120.101, subdivisions 5, 9, and by adding a subdivision; 120.17, subdivisions 3b and 7a; 120.181; 121.11, subdivision 12; 121.148, subdivision 1; 121.15, subdivisions 7 and 9; 121.155; 121.585, subdivision 3; 121.611, subdivision 2; 121.88, subdivisions 9 and 10; 121.882, subdivisions 2, 6, and by adding a subdivision; 121.904, subdivisions 4a and 4e; 121.912, by adding a subdivision; 122.22, subdivisions 7a and 9; 122.23, subdivisions 2 and 3; 122.242, subdivision 9; 122.531, by adding subdivisions; 122.535, subdivision 6; 123.33, subdivision 1; 123.34, subdivision 9; 123.35, subdivisions 8, 17, and by adding a subdivision; 123.3514, subdivisions 3, 4, 4c and by adding a subdivision; 123.38, subdivision 2b; 123.702; 123.951; 124.155, subdivision 2; 124.17, subdivisions 1 and 1b; 124.175; 124.19, subdivisions 1, 7, and by adding a subdivision; 124.195, subdivisions 9, 11, and 12; 124.223, subdivisions 1 and 8; 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 8a, 8k, 10, and by adding a subdivision; 124.26, subdivisions 1c and 2; 124.261; 124.2711, subdivisions 1 and 3; 124.2721, subdivisions 1, 2, and 3; 124.2725, subdivisions 6 and 13; 124.273, subdivision 1b; 124.311, subdivision 4; 124.32, subdivisions 1b and 10; 124.332, subdivisions 1 and 2; 124.431, by adding a subdivision; 124.573, subdivisions 2b and 3a; 124.574, subdivision 2b; 124.575, subdivisions 1, 2, 3, and 4; 124.646; 124.83, subdivision 4; 124.86, subdivision 2; 124A.03; 124A.04; 124A.22, subdivisions 2, 4, 5, 8, 9, and by adding subdivisions; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; 124A.29, subdivision 1; 124A.30; 124C.03, subdivision 2; 125.12, subdivisions 3, 6b, and by adding subdivisions; 125.17, subdivision 2, and by adding subdivisions; 125.185, subdivisions 4 and 4a; 125.231; 126.22, subdivisions 2 and 4; 126.23; 126.266, subdivision 2; 126.661, subdivision 5, and by adding a subdivision; 126.663, subdivision 2; 126.666, subdivision 2, and by adding subdivisions; 126.67, subdivision 2b; 126.70, subdivisions 1, 2, and 2a; 127.29, by adding a subdivision; 128A.05, subdivision 3; 129C.10; 136D.27, subdivisions 1, 2, and 3; 136D.72, subdivision 1; 136D.74, subdivisions 2, 2a, and 2b; 136D.76, subdivision 2; 136D.87, subdivisions 1, 2, and 3; 141.25, subdivision 8; 141.26, subdivision 5; 145.926;

148.191, subdivision 2; 171.29, subdivision 2; 245A.03, subdivision 2; 260.015, subdivision 19; 268.08, subdivision 6 273.1398, subdivision 6; 275.06; 275.125, subdivisions 4, 5, 5b, 5c, 8b, 8e, and 11d, and by adding a subdivision; 298.28, subdivision 4; Laws 1989, chapter 329, article 6, section 53, as amended; proposing coding for new law in Minnesota Statutes, chapters 3; 120; 121; 123; 124; 125; 134; 373; 473; repealing Minnesota Statutes 1990, sections 3.865; 3.866; 120.011; 121.111; 122.531, subdivision 5; 123.351, subdivision 10; 123.706; 123.707; 123.744; 124.225, subdivisions 3, 4b, 7c, 8b, 8i, 8j; 124.252; 124.575; 124C.01, subdivision 2; 124C.41, subdivisions 6 and 7; 126.70, subdivisions 2 and 2a; 275.125, subdivision 8c; and Laws 1988, chapter 703, article 1, section 23, as amended; Laws 1989, chapter 293, section 82; Laws 1989, chapter 329, articles 4, section 40; 9, section 30; and 12, section 8; Laws 1990, chapter 562, article 6, section 36.

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 115 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Frederick	Kalis	O'Connor	Seaberg
Anderson, R.	Frerichs	Kelso	Ogren	Simoneau
Anderson, R. H.	Girard	Kinkel	Olson, E.	Skoglund
Battaglia	Goodno	Koppendrayer	Olson, K.	Solberg
Bauerly	Greenfield	Krueger	Omann	Sparby
Beard	Gruenes	Lasley	Onnen	Steensma
Begich	Gutknecht	Lieder	Orenstein	Sviggum
Bertram	Hanson	Limmer	Orfield	Swenson
Bettermann	Hartle	Long	Osthoff	Thompson
Bishop	Hasskamp	Lourey	Ostrom	Tompkins
Bodahl	Haukoos	Lynch	Ozment	Trimble
Brown	Hausman	Macklin	Pelowski	Tunheim
Carlson	Heir	Mariani	Peterson	Uphus
Carruthers	Hugoson	Marsh	Pugh	Vellenga
Clark	Jacobs	McEachern	Reding	Wagenius
Cooper	Janezich	McGuire	Rice	Waltman
Dauner	Jaros	McPherson	Rodosovich	Weaver
Davids	Jefferson	Milbert	Rukavina	Wejcman
Dawkins	Jennings	Morrison	Runbeck	Welker
Dempsey	Johnson, A.	Munger	Sarna	Welle
Dille	Johnson, R.	Murphy	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, K.	Scheid	Winter
Farrell	Kahn	Nelson, S.	Schreiber	Spk. Vanasek

Those who voted in the negative were:

Abrams	Garcia	Krinkie	Pauly	Smith
Blatz	Henry	Leppik	Pellow	Stanius
Boo	Hufnagle	Newinski	Rest	Valento
Erhardt	Knickerbocker	Olsen, S.	Segal	

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

SPECIAL ORDERS

Long moved that the bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Long moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Sparby moved that H. F. No. 702 be recalled from the Committee on Appropriations and be re-referred to the Committee on Taxes. The motion prevailed.

Swenson moved that H. F. No. 134 be returned to its author. The motion prevailed.

Kinkel moved that H. F. No. 380 be returned to its author. The motion prevailed.

Kinkel moved that H. F. No. 446 be returned to its author. The motion prevailed.

O'Connor moved that H. F. No. 886 be returned to its author. The motion prevailed.

Henry moved that H. F. No. 1271 be returned to its author. The motion prevailed.

Henry moved that H. F. No. 1539 be returned to its author. The motion prevailed.

ADJOURNMENT

Long moved that when the House adjourns today it adjourn until 1:00 p.m., Thursday, May 2, 1991. The motion prevailed.

Long moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 1:00 p.m., Thursday, May 2, 1991.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1991

FORTY-FIFTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MAY 2, 1991

The House of Representatives convened at 1:00 p.m. and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by the Reverend Kent Wallace, First Lutheran Church, White Bear Lake, Minnesota.

The roll was called and the following members were present:

Abrams	Frederick	Kelso	Ogren	Segal
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Skoglund
Anderson, R. H.	Girard	Koppendrayer	Olson, K.	Smith
Battaglia	Goodno	Krinkie	Omann	Solberg
Bauerly	Greenfield	Krueger	Onnen	Sparby
Beard	Gruenes	Lasley	Orenstein	Stanius
Begich	Gutknecht	Leppik	Orfield	Steensma
Bertram	Hanson	Lieder	Osthoff	Sviggum
Bettermann	Hartle	Limmer	Ostrom	Swenson
Bishop	Hasskamp	Long	Ozment	Thompson
Blatz	Haukoos	Lourey	Pauly	Tompkins
Bodahl	Hausman	Lynch	Pellow	Trimble
Boo	Heir	Macklin	Pelowski	Tunheim
Brown	Henry	Mariani	Peterson	Uphus
Carlson	Hufnagle	Marsh	Pugh	Valento
Carruthers	Hugoson	McEachern	Reding	Vellenga
Clark	Jacobs	McGuire	Rest	Wagenius
Cooper	Janezich	McPherson	Rice	Waltman
Dauner	Jaros	Milbert	Rodosovich	Weaver
Davids	Jefferson	Morrison	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek
Farrell	Kalis	O'Connor	Seaberg	

A quorum was present.

The Chief Clerk proceeded to read the Journal of the preceding day. Simoneau 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

S. F. No. 417 and H. F. No. 582, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Nelson, K., moved that the rules be so far suspended that S. F. No. 417 be substituted for H. F. No. 582 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 958 and H. F. No. 994, 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. 958 be substituted for H. F. No. 994 and that the House File be indefinitely postponed. The motion prevailed.

SECOND READING OF SENATE BILLS

S. F. Nos. 417 and 958 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

McGuire, Munger, Marsh, Wenzel and Kahn introduced:

H. F. No. 1675, A bill for an act relating to recreational vehicles; regulating registration and operation of off-road vehicles; setting fees and penalties; requiring comprehensive recreational use plan; requiring reports to the legislature; appropriating money; amending Minnesota Statutes 1990, sections 84.91; 84.911; 85.018, subdivisions 2, 3, and 5; 171.03; and 466.03, subdivision 16; proposing coding for new law in Minnesota Statutes, chapter 84.

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

Bauerly, Ozment, Lasley and Janezich introduced:

H. F. No. 1676, A bill for an act relating to education; establishing catastrophic aid for districts providing high cost services to students with disabilities; amending Minnesota Statutes 1990, section 124.32, by adding a subdivision.

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

Johnson, V., introduced:

H. F. No. 1677, A bill for an act relating to agriculture; providing for a study of the potential for making ethanol from Minnesota produced whey; appropriating money.

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

HOUSE ADVISORIES

The following House Advisories were introduced:

Segal, Vellenga, Trimble and Mariani introduced:

H. A. No. 18, A proposal to study creating levy authority for the costs of instructional materials for LEP pupils.

The advisory was referred to the Committee on Education.

Segal, Simoneau, Vanasek, Krueger and Frerichs introduced:

H. A. No. 19, A proposal for a legislative working group on the establishment of quasi-governmental agencies.

The advisory was referred to the Committee on Governmental Operations.

Trimble, Reding, Kahn, Vanasek and Blatz introduced:

H. A. No. 20, A proposal for examination of impact of fees and surcharges as a revenue source in Minnesota.

The advisory was referred to the Committee on Appropriations.

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. 137, A bill for an act relating to elections; authorizing a party state executive committee to fill certain vacancies and make certain decisions; changing time for examination by judges of certain return envelopes; changing the form of an affidavit; clarifying procedures for nominating certain candidates by petition; providing for withdrawal from the general election ballot; clarifying procedures for filling certain vacancies; providing for counting write-in votes for a candidate team; amending Minnesota Statutes 1990, sections 202A.12, subdivision 3; 203B.12, subdivision 2; 203B.21, subdivision 3; 204B.12; 204B.13; 204B.41; and 204C.22, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Scheid moved that the House refuse to concur in the Senate amendments to H. F. No. 137, 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. 807, A bill for an act relating to commerce; requiring real estate brokers and salespersons to receive instruction in fair housing laws; amending Minnesota Statutes 1990, section 82.22, subdivisions 6 and 13.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Rice moved that the House concur in the Senate amendments to H. F. No. 807 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 807, A bill for an act relating to commerce; requiring real estate brokers and salespersons to receive instruction in fair housing laws; amending Minnesota Statutes 1990, section 82.22, subdivisions 6 and 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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Garcia	Koppendrayer	Olson, K.	Smith
Anderson, I.	Girard	Krinkie	Omann	Solberg
Anderson, R. H.	Goodno	Krueger	Onnen	Sparby
Battaglia	Greenfield	Lasley	Orenstein	Stanius
Bauerly	Gruenes	Leppik	Orfield	Steensma
Beard	Gutknecht	Lieder	Osthoff	Sviggum
Begich	Hanson	Limmer	Ostrom	Swenson
Bertram	Hartle	Long	Ozment	Thompson
Bettermann	Hasskamp	Lourey	Pauly	Tompkins
Blatz	Haukoos	Lynch	Pellow	Trimble
Bodahl	Hausman	Macklin	Pelowski	Tunheim
Boo	Heir	Mariani	Peterson	Uphus
Brown	Henry	Marsh	Pugh	Valento
Carlson	Hugoson	McEachern	Reding	Vellenga
Carruthers	Jacobs	McGuire	Rest	Wagenius
Clark	Janezich	McPherson	Rice	Waltman
Cooper	Jaros	Milbert	Rodosovich	Weaver
Dauner	Jefferson	Morrison	Rukavina	Wejcman
Davids	Jennings	Munger	Runbeck	Welker
Dawkins	Johnson, A.	Murphy	Sarna	Welle
Dempsey	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dille	Johnson, V.	Nelson, S.	Scheid	Winter
Dorn	Kahn	Newinski	Schreiber	Spk. Vanasek
Erhardt	Kalis	O'Connor	Seaberg	
Farrell	Kelso	Ogren	Segal	
Frederick	Kinkel	Olsen, S.	Simoneau	
Frerichs	Knickerbocker	Olson, E.	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. 1282, A bill for an act relating to local government; providing procedures for storm sewer improvements; amending Minnesota Statutes 1990, section 444.18, by adding a subdivision; repealing Minnesota Statutes 1990, section 444.18, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Jennings moved that the House concur in the Senate amendments to H. F. No. 1282 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1282, A bill for an act relating to local government; providing procedures for storm sewer improvements; amending Minnesota Statutes 1990, section 444.18, by adding a subdivision; repealing Minnesota Statutes 1990, section 444.18, 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Garcia	Knickerbocker	Olson, E.	Skoglund
Anderson, I.	Girard	Koppendrayer	Olson, K.	Smith
Anderson, R. H.	Goodno	Krinkie	Omann	Solberg
Battaglia	Greenfield	Krueger	Onnen	Sparby
Bauerly	Gruenes	Lasley	Orenstein	Stanius
Beard	Gutknecht	Leppik	Orfield	Steensma
Begich	Hanson	Lieder	Osthoff	Sviggum
Bertram	Hartle	Limmer	Ostrom	Swenson
Bettermann	Hasskamp	Long	Ozment	Thompson
Blatz	Haukoos	Lourey	Pauly	Tompkins
Bodahl	Hausman	Lynch	Pellow	Trimble
Boo	Heir	Macklin	Pelowski	Tunheim
Brown	Henry	Mariani	Peterson	Uphus
Carlson	Hufnagle	Marsh	Pugh	Valento
Carruthers	Hugoson	McEachern	Reding	Vellenga
Clark	Jacobs	McGuire	Rest	Wagenius
Cooper	Janezich	McPherson	Rice	Waltman
Dauner	Jaros	Milbert	Rodosovich	Weaver
Davids	Jefferson	Morrison	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek
Farrell	Kalis	O'Connor	Seaberg	
Frederick	Kelso	Ogren	Segal	
Frerichs	Kinkel	Olsen, S.	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. 173, A bill for an act relating to the University of

Minnesota; changing the structure of certain bargaining units; amending Minnesota Statutes 1990, section 179A.11, subdivisions 1 and 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Rukavina moved that the House concur in the Senate amendments to H. F. No. 173 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 173, A bill for an act relating to the University of Minnesota; changing the structure of certain bargaining units; amending Minnesota Statutes 1990, section 179A.11, subdivisions 1 and 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Garcia	Knickerbocker	Olson, E.	Skoglund
Anderson, I.	Girard	Koppendrayer	Olson, K.	Smith
Anderson, R. H.	Goodno	Krinkie	Omann	Solberg
Battaglia	Greenfield	Krueger	Onnen	Sparby
Bauerly	Gruenes	Lasley	Orenstein	Stanius
Beard	Gutknecht	Leppik	Orfield	Steensma
Begich	Hanson	Lieder	Osthoff	Sviggum
Bertram	Hartle	Limmer	Ostrom	Swenson
Bettermann	Hasskamp	Long	Ozment	Thompson
Blatz	Haukoos	Lourey	Pauly	Tompkins
Bodahl	Hausman	Lynch	Pellow	Trimble
Boo	Heir	Macklin	Pelowski	Tunheim
Brown	Henry	Mariani	Peterson	Uphus
Carlson	Hufnagle	Marsh	Pugh	Valento
Carruthers	Hugoson	McEachern	Reding	Vellenga
Clark	Jacobs	McGuire	Rest	Wagenius
Cooper	Janezich	McPherson	Rice	Waltman
Dauner	Jaros	Milbert	Rodosovich	Weaver
Davids	Jefferson	Morrison	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek
Farrell	Kalis	O'Connor	Seaberg	
Frederick	Kelso	Ogren	Segal	
Frerichs	Kinkel	Olsen, S.	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. 248, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water or natural wetlands in Anoka county.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Lasley moved that the House concur in the Senate amendments to H. F. No. 248 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 248, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water or natural wetlands in Anoka 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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kalis	Newinski	Scheid
Anderson, I.	Frerichs	Kelso	O'Connor	Schreiber
Anderson, R.	Garcia	Kinkel	Ogren	Seaberg
Anderson, R. H.	Girard	Knickerbocker	Olsen, S.	Segal
Battaglia	Goodno	Koppendrayer	Olson, E.	Simoneau
Bauerly	Greenfield	Krinkie	Olson, K.	Skoglund
Beard	Gruenes	Krueger	Omann	Smith
Begich	Gutknecht	Lasley	Onnen	Solberg
Bertram	Hanson	Leppik	Orenstein	Sparby
Bettermann	Hartle	Lieder	Orfield	Stanius
Blatz	Hasskamp	Limmer	Osthoff	Steensma
Bodahl	Haukoos	Long	Ostrom	Sviggum
Boo	Hausman	Lourey	Ozment	Swenson
Brown	Heir	Lynch	Pauly	Thompson
Carlson	Henry	Macklin	Pellow	Tompkins
Carruthers	Hufnagle	Mariani	Pelowski	Trimble
Clark	Hugoson	Marsh	Peterson	Tunheim
Cooper	Jacobs	McEachern	Pugh	Uphus
Dauner	Janezich	McGuire	Reding	Valento
Davids	Jaros	McPherson	Rest	Vellenga
Dawkins	Jefferson	Milbert	Rice	Wagenius
Dempsey	Jennings	Morrison	Rodosovich	Waltman
Dille	Johnson, A.	Munger	Rukavina	Weaver
Dorn	Johnson, R.	Murphy	Runbeck	Wejcman
Erhardt	Johnson, V.	Nelson, K.	Sarna	Welker
Farrell	Kahn	Nelson, S.	Schafer	Welle

Wenzel	Winter	Spk. 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. 584, A bill for an act relating to local government; authorizing municipalities to enter into joint ventures with telecommunications organizations; amending Minnesota Statutes 1990, section 237.19.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Hasskamp moved that the House concur in the Senate amendments to H. F. No. 584 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 584, A bill for an act relating to local government; authorizing municipalities to enter into joint ventures with telecommunications organizations; amending Minnesota Statutes 1990, section 237.19.

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:

Abrams	Cooper	Hanson	Kahn	Marsh
Anderson, I.	Dauner	Hartle	Kalis	McEachern
Anderson, R.	Davids	Hasskamp	Kelso	McGuire
Anderson, R. H.	Dawkins	Haukoos	Kinkel	McPherson
Battaglia	Dempsey	Hausman	Knickerbocker	Milbert
Bauerly	Dille	Heir	Koppendrayer	Morrison
Beard	Dorn	Henry	Krinkie	Munger
Begich	Erhardt	Hufnagle	Krueger	Murphy
Bertram	Farrell	Hugoson	Lasley	Nelson, K.
Bettermann	Frederick	Jacobs	Leppik	Nelson, S.
Blatz	Frerichs	Janezich	Lieder	Newinski
Bodahl	Garcia	Jaros	Limmer	O'Connor
Boo	Girard	Jefferson	Long	Ogren
Brown	Goodno	Jennings	Lourey	Olsen, S.
Carlson	Greenfield	Johnson, A.	Lynch	Olson, E.
Carruthers	Gruenes	Johnson, R.	Macklin	Olson, K.
Clark	Gutknecht	Johnson, V.	Mariani	Omann

Onnen	Pugh	Schreiber	Sviggum	Waltman
Orenstein	Reding	Seaberg	Swenson	Weaver
Orfield	Rest	Segal	Thompson	Wejcman
Osthoff	Rice	Simoneau	Tompkins	Welker
Ostrom	Rodosovich	Skoglund	Trimble	Welle
Ozment	Rukavina	Smith	Tunheim	Wenzel
Pauly	Runbeck	Solberg	Uphus	Winter
Pellow	Sarna	Sparby	Valento	Spk. Vanasek
Pelowski	Schafer	Stanius	Vellenga	
Peterson	Scheid	Steensma	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. 479, A bill for an act relating to towns; providing for the appointment of town officers under certain circumstances; amending Minnesota Statutes 1990, section 367.03, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Kinkel moved that the House concur in the Senate amendments to H. F. No. 479 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 479, A bill for an act relating to public officers or employees; clarifying the filling of temporary vacancies in public offices due to military service; amending Minnesota Statutes 1990, section 192.263.

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:

Abrams	Bettermann	Davids	Garcia	Haukoos
Anderson, I.	Blatz	Dawkins	Girard	Hausman
Anderson, R.	Bodahl	Dempsey	Goodno	Heir
Anderson, R. H.	Boo	Dille	Greenfield	Henry
Battaglia	Brown	Dorn	Gruenes	Hufnagle
Bauerly	Carlson	Erhardt	Gutknecht	Hugoson
Beard	Carruthers	Farrell	Hanson	Jacobs
Begich	Cooper	Frederick	Hartle	Janezich
Bertram	Dauner	Frerichs	Hasskamp	Jaros

Jefferson	Lourey	Olson, E.	Rukavina	Tompkins
Jennings	Lynch	Olson, K.	Runbeck	Trimble
Johnson, A.	Macklin	Omann	Sarna	Tunheim
Johnson, R.	Mariani	Onnen	Schafer	Uphus
Johnson, V.	Marsh	Orenstein	Scheid	Valento
Kahn	McEachern	Orfield	Schreiber	Vellenga
Kalis	McGuire	Osthoff	Seaberg	Wagenius
Kelso	McPherson	Ostrom	Segal	Waltman
Kinkel	Milbert	Ozment	Simoneau	Weaver
Knickerbocker	Morrison	Pauly	Skoglund	Wejcman
Koppendrayer	Munger	Pellow	Smith	Welker
Krinkie	Murphy	Pelowski	Solberg	Welle
Krueger	Nelson, K.	Peterson	Sparby	Wenzel
Lasley	Nelson, S.	Pugh	Stanius	Winter
Leppik	Newinski	Reding	Steensma	Spk. Vanasek
Lieder	O'Connor	Rest	Sviggum	
Limmer	Ogren	Rice	Swenson	
Long	Olsen, S.	Rodosovich	Thompson	

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. 623, A bill for an act relating to Martin county; permitting the consolidation of the offices of auditor and treasurer.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Hugoson moved that the House concur in the Senate amendments to H. F. No. 623 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 623, A bill for an act relating to Martin county; permitting the consolidation of the offices of auditor and treasurer.

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 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Blatz	Carruthers	Dempsey
Anderson, I.	Beard	Bodahl	Cooper	Dille
Anderson, R.	Begich	Boo	Dauner	Dorn
Anderson, R. H.	Bertram	Brown	Davids	Erhardt
Battaglia	Bettermann	Carlson	Dawkins	Farrell

Frederick	Jennings	Marsh	Pauly	Sparby
Frerichs	Johnson, A.	McEachern	Pellow	Stanius
Garcia	Johnson, R.	McGuire	Pelowski	Steensma
Girard	Johnson, V.	McPherson	Peterson	Sviggum
Goodno	Kahn	Morrison	Pugh	Swenson
Greenfield	Kalis	Munger	Reding	Thompson
Gruenes	Kelso	Murphy	Rest	Tompkins
Gutknecht	Kinkel	Nelson, K.	Rice	Trimble
Hanson	Knickerbocker	Nelson, S.	Rodosovich	Tunheim
Hartle	Koppendrayer	Newinski	Rukavina	Uphus
Hasskamp	Krinkie	O'Connor	Runbeck	Valento
Haukoos	Krueger	Ogren	Sarna	Vellenga
Hausman	Lasley	Olsen, S.	Schafer	Wagenius
Heir	Leppik	Olson, E.	Scheid	Waltman
Henry	Lieder	Olson, K.	Schreiber	Weaver
Hufnagle	Limmer	Omann	Seaberg	Wejcman
Hugoson	Long	Onnen	Segal	Welker
Jacobs	Lourey	Orenstein	Simoneau	Welle
Janezich	Lynch	Orfield	Skoglund	Wenzel
Jaros	Macklin	Ostrom	Smith	Winter
Jefferson	Mariani	Ozment	Solberg	Spk. Vanasek

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. 700, A bill for an act relating to education; providing for general education revenue; transportation; special programs; community service programs; facilities and equipment; other aids and levies; miscellaneous education related programs; library programs; education agency services; art education programs; maximum effort school loan programs; authorizing bonding; appropriating money; amending Minnesota Statutes 1990, sections 120.08, subdivision 3; 120.101, subdivisions 5, 9, and by adding a subdivision; 120.17, subdivisions 3b and 7a; 120.181; 121.11, subdivision 12; 121.148, subdivision 1; 121.15, subdivisions 7 and 9; 121.155; 121.585, subdivision 3; 121.611, subdivision 2; 121.88, subdivisions 9 and 10; 121.882, subdivisions 2, 6, and by adding a subdivision; 121.904, subdivisions 4a and 4e; 121.912, by adding a subdivision; 122.22, subdivisions 7a and 9; 122.23, subdivisions 2 and 3; 122.242, subdivision 9; 122.531, by adding subdivisions; 122.535, subdivision 6; 123.33, subdivision 1; 123.34, subdivision 9; 123.35, subdivisions 8, 17, and by adding a subdivision; 123.3514, subdivisions 3, 4, 4c, and by adding a subdivision; 123.38, subdivision 2b; 123.702; 123.951; 124.155, subdivision 2; 124.17, subdivisions 1 and 1b; 124.175; 124.19, subdivisions 1, 7, and by adding a subdivision; 124.195, subdivisions 9, 11, and 12; 124.223, subdivisions 1 and 8;

124.225, subdivisions 1, 3a, 7a, 7b, 7d, 8a, 8k, 10, and by adding a subdivision; 124.26, subdivisions 1c and 2; 124.261; 124.2711, subdivisions 1 and 3; 124.2721, subdivisions 1, 2, and 3; 124.2725, subdivisions 6 and 13; 124.273, subdivision 1b; 124.311, subdivision 4; 124.32, subdivisions 1b and 10; 124.332, subdivisions 1 and 2; 124.431, by adding a subdivision; 124.573, subdivisions 2b and 3a; 124.574, subdivision 2b; 124.575, subdivisions 1, 2, 3, and 4; 124.646; 124.83, subdivision 4; 124.86, subdivision 2; 124A.03; 124A.04; 124A.22, subdivisions 2, 4, 5, 8, 9, and by adding subdivisions; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; 124A.29, subdivision 1; 124A.30; 124C.03, subdivision 2; 125.12, subdivisions 3, 6b, and by adding subdivisions; 125.17, subdivision 2, and by adding subdivisions; 125.185, subdivisions 4 and 4a; 125.231; 126.22, subdivisions 2 and 4; 126.23; 126.266, subdivision 2; 126.661, subdivision 5, and by adding a subdivision; 126.663, subdivision 2; 126.666, subdivision 2, and by adding subdivisions; 126.67, subdivision 2b; 126.70, subdivisions 1, 2, and 2a; 127.29, by adding a subdivision; 128A.05, subdivision 3; 129C.10; 136D.27, subdivisions 1, 2, and 3; 136D.72, subdivision 1; 136D.74, subdivisions 2, 2a, and 2b; 136D.76, subdivision 2; 136D.87, subdivisions 1, 2, and 3; 141.25, subdivision 8; 141.26, subdivision 5; 145.926; 148.191, subdivision 2; 171.29, subdivision 2; 245A.03, subdivision 2; 260.015, subdivision 19; 268.08, subdivision 6 273.1398, subdivision 6; 275.06; 275.125, subdivisions 4, 5, 5b, 5c, 8b, 8e, and 11d, and by adding a subdivision; 298.28, subdivision 4; Laws 1989, chapter 329, article 6, section 53, as amended; proposing coding for new law in Minnesota Statutes, chapters 3; 120; 121; 123; 124; 125; 134; 373; 473; repealing Minnesota Statutes 1990, sections 3.865; 3.866; 120.011; 121.111; 122.531, subdivision 5; 123.351, subdivision 10; 123.706; 123.707; 123.744; 124.225, subdivisions 3, 4b, 7c, 8b, 8i, 8j; 124.252; 124.575; 124C.01, subdivision 2; 124C.41, subdivisions 6 and 7; 126.70, subdivisions 2 and 2a; 275.125, subdivision 8c; and Laws 1988, chapter 703, article 1, section 23, as amended; Laws 1989, chapter 293, section 82; Laws 1989, chapter 329, articles 4, section 40; 9, section 30; and 12, section 8; Laws 1990, chapter 562, article 6, section 36.

PATRICK E. FLAHAVEN, Secretary of the Senate

Nelson, K., moved that the House refuse to concur in the Senate amendments to H. F. No. 700, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. Nos. 86, 1231, 449, 861, 1535 and 1533.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 86, A bill for an act relating to education; providing for the arbitration of disputes concerning the proposed termination, discharge, or demotion of teachers following the probationary period; amending Minnesota Statutes 1990, sections 125.12, subdivision 4, and by adding a subdivision; 125.17, subdivision 5, and by adding a subdivision; 179A.04, subdivision 3; and 179A.20, subdivision 4.

The bill was read for the first time.

Scheid moved that S. F. No. 86 and H. F. No. 124, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1231, A bill for an act relating to human services; authorizing the commissioner of human services to waive the requirement that emergency mental health services be provided by a provider other than the provider of fire and public safety emergency services; establishing conditions for a waiver; amending Minnesota Statutes 1990, sections 245.469, subdivision 2; and 245.4879, subdivision 2.

The bill was read for the first time.

Nelson, S., moved that S. F. No. 1231 and H. F. No. 1332, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 449, A bill for an act relating to retirement; Duluth teachers retirement fund association and St. Paul teachers retirement fund association; proposing coding for new law in Minnesota Statutes, chapter 354A; repealing Laws 1985, chapter 259, sections 2 and 3; and Laws 1990, chapter 570, article 7, section 4.

The bill was read for the first time.

O'Connor moved that S. F. No. 449 and H. F. No. 684, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 861, A bill for an act relating to commerce; removing or modifying certain bond requirements; amending Minnesota Statutes 1990, sections 6.26; 10.38; 46.08, subdivision 1; 84.01, subdivision 4; 115A.06, subdivision 12; 116.03, subdivision 4; 233.08; 234.06; 241.08, subdivision 1; 246.15, subdivision 1; 257.05, subdivision 1; 280.27; 281.38; 299C.08; 299D.01, subdivision 4; 299D.03, subdivision 1; 340A.316; 375.03; 386.06; 388.01; 390.05; 398.10; 473.375, subdivision 5; 480.09, subdivision 2; 480.11, subdivision 1; and 488A.20, subdivision 2; repealing Minnesota Statutes 1990, sections 60B.08; 84.081, subdivision 2; 160.24, subdivision 5; 166.04; 196.02, subdivision 2; 234.07; 246.03; 340A.302, subdivision 4; 383A.20, subdivision 8; and 514.52.

The bill was read for the first time.

Carruthers moved that S. F. No. 861 and H. F. No. 1613, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1535, A bill for an act relating to public administration; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; creating the higher education board; merging the state university, community college, and technical college systems; amending Minnesota Statutes 1990, sections 15A.081, subdivision 7b; 135A.03, subdivision 3; 135A.05; 136.11, subdivisions 3, 5, and by adding a subdivision; 136.142, subdivision 1, and by adding a subdivision; 136A.121, subdivision 10, and by adding subdivisions; 136A.233, subdivision 3; 179A.10, subdivision 2; and 298.28, subdivisions 4, 7, 10, 11, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 135A; 136; 136A; 136E; and 298; repealing Minnesota Statutes 1990, section 136A.05, subdivision 2.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state

of Minnesota, Carlson moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1535 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Carlson moved that the Rules of the House be so far suspended that S. F. No. 1535 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1535 was read for the second time.

Carlson moved to amend S. F. No. 1535, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1 – APPROPRIATIONS

Section 1. HIGHER EDUCATION APPROPRIATIONS

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this article. The listing of an amount under the figure "1992" or "1993" in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 1992, or June 30, 1993, respectively. "The first year" is fiscal year 1992. "The second year" is fiscal year 1993. "The biennium" is fiscal years 1992 and 1993.

SUMMARY BY FUND

	1992	1993	TOTAL
General	$984,871,600	$985,388,400	$1,970,260,000

SUMMARY BY AGENCY – ALL FUNDS

	1992	1993	TOTAL
Higher Education Coordinating Board	$92,566,000	$92,560,000	$185,126,000
State Board for Technical Colleges	$165,466,000	$165,061,000	$330,527,000
State Board for Community Colleges	$98,338,000	$99,525,000	$197,863,000

State University Board	$180,966,900	$177,498,000	$358,464,900
Board of Regents of the University of Minnesota	$446,514,800	$449,744,500	$896,259,300
Mayo Medical Foundation	$1,019,900	$999,900	$2,019,800

	APPROPRIATIONS Available for the Year Ending June 30	
	1992	1993
Sec. 2. HIGHER EDUCATION COORDINATING BOARD		
Subdivision 1. Total Appropriation	$92,566,000	$92,560,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Agency Administration

$3,249,000	$3,242,000

$58,000 in each year is for membership in the Midwest Higher Education Compact. The appropriation for this membership is in place of the appropriation for membership in the Western Interstate Commission on Higher Education.

$300,000 is for child care innovation grants.

Subd. 3. State Grants

$77,731,000	$77,731,000

This appropriation contains money for increasing living allowances for state grants to $3,594 for the first year and $3,710 for the second year.

The HECB may use up to $250,000 of the appropriation in each year to provide grants for Minnesota resident students participating in the Akita program. Grants must be awarded on the same basis as other state grants,

	1992	1993
	$	$

except that the cost of attendance shall be adjusted to incorporate the state university tuition level and the Akita fee level. An individual grant must not exceed the state grant maximum award for a student at a four-year private college.

$2,000,000 each year is for child care grants. For the biennium, the board may determine a reasonable percentage of the appropriation to be used for the administrative costs of the agency.

The HECB shall study the use of the grants to dislocated rural workers to determine whether the grants are efficiently managed, and whether they provide for educational opportunities that would not otherwise be available. The board shall report its recommendations on the future of this program to the education divisions of the appropriations and finance committees by January 15, 1992.

Subd. 4. Interstate Tuition Reciprocity

$5,050,000	$5,050,000

Subd. 5. State Work Study

$5,454,000	$5,454,000

Subd. 6. Income Contingent Loans

The HECB shall administer an income contingent loan repayment program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, chiropractic medicine, public health, and veterinary medicine, and Minnesota residents graduating from optometry and osteopathy programs. During the biennium, applicant data collected by the higher education coordinating board for this program may be disclosed to a consumer credit reporting agency

	1992	1993
	$	$

under the same conditions as apply to the supplemental loan program according to Minnesota Statutes, section 136A.162.

Subd. 7. Minitex Library Program

$1,083,000 $1,083,000

Subd. 8. Average Cost Funding Task Force

The average cost funding task force shall determine uniform definitions of terms that are related to funding including extension, continuing education, continuous enrollment, campuses, centers, sites, on-campus, off-campus, credit, noncredit, remedial, and college level. The task force shall report its recommendations to the education divisions of the appropriations and finance committees by February 1, 1992.

Subd. 9. An unencumbered balance in the first year under a subdivision in this section does not cancel but is available for the second year.

Subd. 10. The higher education coordinating board may transfer unencumbered balances from the appropriations in this section to the state grant appropriation and the interstate tuition reciprocity appropriation. Before the transfer, the higher education coordinating board shall consult with the chairs of the house appropriations and senate finance committees.

Sec. 3. STATE BOARD OF TECHNICAL COLLEGES

Subdivision 1. Total Appropriation $165,466,000 $165,061,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

	1992	1993
	$	$

Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be $224,695,000 the first year and $226,420,000 the second year.

For the biennium, the maximum full year equivalent enrollment for the purpose of calculating the state portion of instructional cost shall be 32,420. If the actual enrollment exceeds this number, those students shall be supported by tuition revenue only.

$34,553,000 in each year is for extension programs. The legislature intends that this appropriation be used primarily to support occupational programs, particularly those from which credits may be transferred to continuous enrollment programs. This appropriation is intended to cover all direct and indirect costs associated with extension. The state board shall report on its fully allocated expenditures by February 1 of each year of the biennium.

$10,000,000 in each year is for instructional equipment.

$525,000 in each year is for library development and acquisitions.

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be $2,092,000 the first year and $1,546,000 the second year.

$1,057,000 the first year and $511,000 the second year are for debt service payments to school districts for technical college buildings financed with district bonds issued before January 1, 1979.

	1992	1993
	$	$
Subd. 4. Federal Funds		
For fiscal year 1992, the state board shall allocate 12.75 percent of the federal funds received from the Carl D. Perkins Vocational and Applied Technology Education Act of 1990, to the state board of education for the purpose of supporting secondary vocational technical education programs and services. The state board for technical colleges and the state board of education must establish a process for allocating the Carl D. Perkins funds in future years and report that process to the education, appropriations, and finance committees.		
Subd. 5. State Council on Vocational Technical Education		
$99,000 in each year must be allocated by the state board to the state council on vocational education.		
Sec. 4. STATE BOARD FOR COMMUNITY COLLEGES		
Subdivision 1. Total Appropriation	$98,338,000	$99,525,000
The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.		
Subd. 2. Instructional Expenditures		
The legislature estimates that instructional expenditures will be $131,892,000 the first year and $134,564,000 the second year.		
For the biennium, the maximum full year equivalent enrollment for the purpose of calculating the state portion of instructional cost shall be 30,862. If the actual enrollment exceeds this number, those students shall be supported by tuition revenue only.		

	1992	1993
	$	$
$907,570 in each year is for library acquisitions.		
$3,568,400 in each year is for instructional equipment.		
To assist students in timely completion, the community college system shall consider alternatives to the elimination of summer session and report its recommendations to the education divisions of the appropriations and finance committees by February 1, 1992.		
The community college system shall develop and implement a plan that results in equity in funding between a legislatively approved center and its main campus.		
Subd. 3. Noninstructional Expenditures		
The legislature estimates that noninstructional expenditures will be $14,535,000 the first year and $14,535,000 the second year.		
Sec. 5. STATE UNIVERSITY BOARD		
Subdivision 1. Total Appropriation	$180,966,900	$177,498,000
The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.		
Subd. 2. Instructional Expenditures		
The legislature estimates that instructional expenditures will be $251,274,100 the first year and $249,990,100 the second year.		
For the biennium, the maximum full year equivalent enrollment for the purpose of calculating the state portion of instructional cost shall be 51,429. If the		

	1992	1993
	$	$
actual enrollment exceeds this number, those students shall be supported by tuition revenue only.		
$2,613,000 in each year is for library acquisitions.		
$8,400,230 in each year is for instructional equipment.		
Subd. 3. Noninstructional Expenditures		
The legislature estimates that noninstructional expenditures will be $14,359,000 the first year and $14,359,000 the second year.		
Sec. 6. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA		
Subdivision 1. Total Appropriation	$446,514,800	$449,744,500
The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.		
Subd. 2. Operations and Maintenance	$363,276,500	$366,506,100
On December 1 each year the president of the University of Minnesota shall report to the senate finance and house appropriations committees and the commissioner of finance any receipts for the previous fiscal year in excess of the estimates on which these appropriations are based, the sources of these receipts, the purposes for which any excess receipts were spent, and the accounts to which the receipts were transferred. The total estimated receipts are $142,038,800 for the first year and $142,838,400 for the second year.		
(a) Instructional Expenditures		

	1992	1993
	$	$
The legislature estimates that instructional expenditures in this subdivision will be $381,252,300 the first year and $385,281,500 the second year.		
$4,135,100 in each year is for library acquisitions.		
$9,181,900 in each year is for instructional equipment.		
Enrollment in the continuing education/extension and summer school cells for average cost funding calculations for fiscal year 1992 shall not exceed enrollment in these cells in fiscal year 1991.		
(b) Noninstructional Expenditures		
The legislature estimates that noninstructional expenditures will be $124,063,000 the first year and $124,063,000 the second year.		
Subd. 3. Special Appropriations	$83,238,300	$83,238,300
The amounts expended for each program in the four categories of special appropriations shall be separately identified in the 1993 biennial budget document.		
(a) Agriculture and Extension Service		
	$44,593,100	$44,593,100
This appropriation is for the Agriculture Research and Minnesota Extension Service.		
Any salary increases granted by the university to personnel paid from the Minnesota Extension appropriation must not result in a reduction of the county portion of the salary payments.		

	1992	1993
	$	$

During the biennium, the university shall maintain an advisory council system for each experiment station. The advisory councils must be broadly representative of range of size and income distribution of farms and agribusinesses and must not disproportionately represent those from the upper half of the size and income distributions.

(b) Health Sciences

$17,391,600 $17,391,600

This appropriation is for Indigent Patients (County Papers), Rural Physicians Associates Program, Medical Research, Special Hospitals Service and Educational Offset, the Veterinary Diagnostic Laboratory, Institute for Human Genetics, and the Biomedical Engineering Center.

(c) Institute of Technology

$3,605,200 $3,605,200

This appropriation is for the Mineral Resources Research Center, Geological Survey, Underground Space Center, Talented Youth Mathematics Program, Microelectronics and Information Science Center, and the Productivity Center.

(d) System Specials

$19,602,400 $19,602,400

This appropriation is for Fellowships for Minority and Disadvantaged Students, General Research, Intercollegiate Athletics, Student Loans Matching Money, Industrial Relations Education, Natural Resources Research Institute, Sea Grant College Program, Biological Process Technology Institute, Supercomputer Institute, Center for Urban and Regional Affairs,

	1992	1993
	$	$

Museum of Natural History, and the Humphrey Exhibit.

This appropriation includes money to improve the programs and resources available to women and to ensure that campuses are in compliance with Title IX of the Educational Amendment Act of 1972 and Minnesota Statutes, section 126.21. The women's athletic program shall be funded by the formula allowance or a minimum of $65,000 per campus per year. Each campus will receive the greater of the two calculations.

Of this appropriation, no less than the following amounts must be allocated to each campus:

Duluth	$551,600	$551,600
Morris	$66,100	$66,100
Crookston	$65,000	$65,000
Waseca	$65,000	

Subd. 4. Base Reductions

The special appropriations in subdivision 3 shall be reduced by $1,954,000 each year.

Sec. 7. MAYO MEDICAL FOUNDATION

Subdivision 1. Total Appropriation	$1,019,900	$999,900

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Medical School

	$731,100	$711,100

The state of Minnesota shall pay a capitation of $9,875 the first year and

	1992	1993
	$	$

$9,875 the second year for each student who is a resident of Minnesota.

This appropriation provides capitation for 20 Minnesota residents in each of the four classes at Mayo Medical School. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations.

The legislature intends that during the biennium the Mayo foundation use the capitation money to increase the number of doctors practicing in rural areas in need of doctors as identified by the higher education coordinating board.

Subd. 3. Family Practice and Graduate Residency Program

$288,800 $288,800

The state of Minnesota shall pay a capitation of $16,000 the first year and $16,000 the second year for a maximum of 18 students each year.

Sec. 8. POST-SECONDARY SYSTEMS

The legislature intends that tuition increases that are adopted by any of the public post-secondary governing boards to offset reductions in appropriations will be temporary and shall not indicate a change in the state's funding policy.

Each governing board must apply budget reductions to central administration in at least the same proportion as they apply them to instructional expenditures.

	1992	1993
	$	$

The legislature intends that future increases in complement for central administration be submitted to the legislature for approval. The governing boards of the state universities, community colleges, and technical colleges shall include this in their biennial budget requests. The board of regents is requested to submit its increases in complement as part of its biennial budget requests.

ARTICLE 2

CAPITAL IMPROVEMENTS

Section 1. [APPROPRIATIONS.]

The sums in the column marked "APPROPRIATIONS" are appropriated from the bond proceeds fund, or other named fund, to the state agencies indicated, to be spent to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this article.

APPROPRIATIONS

Sec. 2. TECHNICAL COLLEGES

Subdivision 1. To the state board of technical colleges for the purposes specified in this section $ 1,393,000

The state board shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Notwithstanding Minnesota Statutes, section 136C.44, during the biennium the state board of technical colleges must not make grants to school districts but shall directly supervise and control the preparation of plans and specifications to construct, alter, or enlarge the technical college buildings and structures, and for improvements provided in this section.

During the biennium, the state board of technical colleges shall advertise for bids and award contracts in connection with the improvements, 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.

During the biennium, the state board may delegate the authority provided in this section to the campus president for capital repair and replacement projects with a total cost of less than $50,000, if the state board determines that the projects can be efficiently managed at the campus level.

Plans must be paid for out of this appropriation. The remainder of the appropriation must not be spent until the board has secured suitable plans and specifications, prepared by a competent architect or engineer. The plans and specifications must be accompanied by a detailed statement of the cost, quality, and description of all material and labor required for the completion of the work. No plan may be adopted, no improvement made, and no building constructed that entails the expenditure of more money than the appropriation for the project, unless otherwise provided in this article.

The state board of technical colleges may delegate responsibilities under this section to technical college staff.

Subd. 2. Capital Improvements $ 1,393,000

This appropriation is for capital improvement grants to school districts for life safety projects at technical college campuses, including fuel tank removal and replacement, PCB removal, asbestos removal, handicapped access, emergency lighting, steam pipes, and capital code compliance. In the event

that the state board spends any of this appropriation on fuel tanks, the board shall report on its reimbursement efforts to the appropriations and finance committees.

Subd. 3. Moorhead Technical College

Independent school district No. 152, Moorhead Technical College, may spend up to $350,000 to construct classroom and related space for farm business, small business, and other management programs at Moorhead Technical College. The expenditure must be made entirely from local money.

Subd. 4. Northeast Metro Technical College

Intermediate school district No. 916, Northeast Metro Technical College, may spend up to $325,500 to construct a media center and to make electrical and mechanical renovations at Northeast Metro Technical College. The expenditure must be made entirely from local money.

Subd. 5. Detroit Lakes Technical College

The commissioner of finance shall give priority funding to the Detroit Lakes Technical College building project authorized by Laws 1990, chapter 610, article 1, section 2, subdivision 7, in the event that cashflows for currently authorized projects recommended by the Governor are modified, suspended, or delayed resulting in additional funds for debt service within the limits appropriated for the biennium ending June 30, 1993.

Sec. 3. COMMUNITY COLLEGES

Subdivision 1. To the commissioner of administration for the purposes specified in this section $ 2,575,000

Notwithstanding Minnesota Statutes, section 16B.24, subdivision 2, the state board for community colleges shall supervise and control necessary capital repairs to all community college buildings and structures during the biennium.

The state board shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Subd. 2. Systemwide Capital Improvements $ 2,575,000

This appropriation is for capital improvements at community colleges for life safety projects and continued maintenance requirements, including code compliance, handicapped access, improving mechanical systems, heating and ventilation, energy management upgrading, replacing water mains, paving parking surfaces, and emergency lighting.

Sec. 4. STATE UNIVERSITIES

Subdivision 1. To the state university board for the purposes specified in this section $ 5,155,000

Notwithstanding Minnesota Statutes, sections 16B.30 and 16B.31, during the biennium, the state university board shall supervise and control the preparation of plans and specifications for the construction, alteration, or enlargement of state university buildings and structures, and for improvements provided in this section. The board shall advertise for bids and award contracts in connection with the improvements,

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.

Plans must be paid for out of this appropriation. The remainder of the appropriation must not be spent until the board has secured suitable plans and specifications, prepared by a competent architect or engineer. The plans and specifications must be accompanied by a detailed statement of the cost, quality, and description of all material and labor required for the completion of the work. No plan may be adopted, no improvement made, and no building constructed that entails the expenditure of more money than the appropriation for the project, unless otherwise provided in this article.

The board shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Notwithstanding Minnesota Statutes, section 16B.24, subdivision 2, the state university board shall supervise and control necessary repairs to all state university buildings and structures during the biennium.

Subd. 2. Systemwide Capital Improvements $ 215,000

This appropriation is for capital improvements on state university campuses for hazardous materials abatement.

Subd. 3. Mankato Campus $ 1,340,000

This appropriation is for utility tunnel upgrade.

Of the money appropriated in Laws 1990, chapter 610, article 1, section 4,

subdivision 3, paragraph (a), to provide for heating plant rehabilitation at the Mankato campus, $1,500,000 may be used to install a campus chilled water system. The existing heating plant shall be expanded to accommodate the rehabilitation and the chilled water system.

Subd. 4. Moorhead Campus $ 3,600,000

This appropriation is to rehabilitate the heating plant, restore the heating system, and enable it to meet future steam demands in accord with a recent engineering study.

Subd. 5. St. Cloud Campus

Notwithstanding Minnesota Statutes, chapter 16B, for fiscal year 1992, the St. Cloud State University Foundation Incorporated may construct an addition to the existing business education building, a state-owned building located on the St. Cloud State University campus. The foundation may provide initial funds to the state university board to contract for design and construction. The state university board shall supervise and control the preparation of plans and specifications for the construction of the building addition. The building addition shall be leased and then donated to St. Cloud State University, subject to the approval of the board. The term of the lease shall not exceed five years. The board shall have approval authority for the design and lease. Title to the building shall pass to the state immediately upon donation or when all the terms of the lease have been met. Prior to the design, construction, or lease, the board shall report its plans to the chairs of the senate finance and house appropriations committees.

Notwithstanding Minnesota Statutes, chapter 94, the state university board may enter into an agreement with the

city of St. Cloud to exchange parcels of land. The conveyances must be made for no monetary consideration and by quitclaim deed in a form approved by the attorney general. Before the conveyances, the state university board and the city of St. Cloud shall enter an agreement on temporary easements on the parcels of land to be exchanged.

Sec. 5. UNIVERSITY OF MINNESOTA

Subdivision 1. To the regents of the University of Minnesota for the purposes specified in this section $ 1,925,000

The regents shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Subd. 2. Systemwide Capital Improvements $ 1,925,000

This appropriation is for capital improvements on University of Minnesota campuses for life safety projects, including code compliance, handicapped access, fuel tank removal and replacement, and asbestos removal. In the event that the board of regents spends any of this appropriation on fuel tanks, the board shall report on its reimbursement efforts to the appropriations and finance committees.

Sec. 6. [BOND SALE.]

To provide the money appropriated in this article from the state bond proceeds fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to $11,048,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 7. [EFFECTIVE DATE.]

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

ARTICLE 3

PEACE OFFICER TRAINING

Section 1. Minnesota Statutes 1990, section 626.84, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of sections 626.84 to 626.863, the following terms have the meanings given them:

(a) "Board" means the board of peace officer standards and training.

(b) "Director" means the executive director of the board.

(c) "Peace officer" means an employee or an elected or appointed official of a political subdivision or law enforcement agency who is *licensed by the board,* charged with the prevention and detection of crime and the enforcement of the general criminal laws of the state and who has the full power of arrest, and shall also include the Minnesota state patrol, agents of the division of gambling enforcement, and state conservation officers.

(d) "Constable" has the meaning assigned to it in section 367.40.

(e) "Deputy constable" has the meaning assigned to it in section 367.40.

(f) "Part-time peace officer" means an individual licensed by the board whose services are utilized by law enforcement agencies no more than an average of 20 hours per week, not including time spent on call when no call to active duty is received, calculated on an annual basis, who has *either full powers of* arrest or authorization to carry a firearm while on active duty. The term shall apply even though the individual receives no compensation for time spent on active duty, and shall apply irrespective of the title conferred upon the individual by any law enforcement agency. The limitation on the average number of hours in which the services of a part-time peace officer may be utilized shall not apply to a part-time peace officer who has formally notified the board pursuant to rules adopted by the board of the part-time peace officer's intention to pursue the specialized training for part-time peace officers who desire to become peace officers pursuant to sections 626.843, subdivision 1, clause (g), and 626.845, subdivision 1, clause (g).

(g) "Reserve officer" means an individual whose services are utilized by a law enforcement agency to provide supplementary assistance *at special events,* traffic or crowd control, and administrative or clerical assistance. A reserve officer's duties do not include enforcement of the general criminal laws of the state, and the officer

does not have full powers of arrest or authorization to carry a firearm on duty.

(h) "Law enforcement agency" means a unit of state or local government that is authorized by law to grant full powers of arrest and to charge a person with the duties of preventing and detecting crime and enforcing the general criminal laws of the state.

(i) "Professional peace officer education" means a post-secondary degree program, or a nondegree program for persons who already have a college degree, that is offered by a college or university in Minnesota, designed for persons seeking licensure as a peace officer, and approved by the board.

Sec. 2. [626.856] [SCHOOL OF LAW ENFORCEMENT.]

By July 1, 1992, the state university system shall develop a school of law enforcement in the metropolitan area, as defined in section 473.121, subdivision 2, whose mission is to advance the profession of law enforcement. The school may offer professional peace officer education, graduate degree programs, and peace officer continuing education programs, and may conduct applied research.

Sec. 3. [626.857] [ADVISORY COUNCIL.]

An advisory council of no more than 12 members is established consisting of law enforcement faculty and administrators, peace officers, police chiefs, sheriffs, and citizens. The state university board, the community college board, and the technical college board shall each appoint four members. The advisory council shall meet at least once each year to advise the post-secondary systems regarding professional peace officer education. The advisory council shall include women and members of minority groups. The advisory council shall expire on June 30, 1993.

Sec. 4. [TASK FORCE.]

Subdivision 1. [CREATION.] A task force is created to improve the quality and delivery of law enforcement education, and to more clearly define the mission of each post-secondary system in this delivery. The task force shall consist of a representative of the community college system, the technical college system, the state university system, private colleges offering professional peace officer education, the higher education coordinating board, and the advisory council established in section 3. The executive director of the peace officer standards and training board shall chair the task force.

Subd. 2. [ACTIONS.] By January 1, 1992, the task force shall develop and implement actions to:

(1) recruit and retain women and minorities in professional peace officer education;

(2) increase the amount of general education in the professional peace officer education program for associate degrees, to allow for maximum credit transfer from community colleges and technical colleges; and

(3) provide information to students enrolling in professional peace officer education concerning transferability of credits and the peace officer licensing process, and develop a form that the students must sign that acknowledges receipt of the information.

Subd. 3. [PLAN FOR PILOT PROJECT.] The task force shall develop a plan for a pilot project for an integrated peace officer education program in the metropolitan area to be implemented by the beginning of the 1992-1993 academic year. The pilot shall provide for the needs of students seeking associate and baccalaureate degrees. It shall include general education and integrated professional peace officer education which is appropriately managed and located. Upon appointment by the state university board, the director of the school of law enforcement shall serve as the coordinator of the pilot project and shall work with the task force in developing and implementing the pilot.

Subd. 4. [REPORTS.] The task force shall report on its actions and its progress in developing its plans by February 1, 1992, to the higher education policy and funding divisions of the legislature.

Sec. 5. [REPEALER.]

Minnesota Statutes 1990, section 626.86, is repealed.

ARTICLE 4

ACADEMIC EXCELLENCE SCHOLARSHIP

Section 1. [135A.30] [MINNESOTA ACADEMIC EXCELLENCE SCHOLARSHIP.]

Subdivision 1. [CREATION.] The Minnesota academic excellence scholarship program is created to reward students who have demonstrated outstanding ability, achievement, and potential in one of the following subjects: English/creative writing, fine arts, foreign language, math, science, or social science.

Subd. 2. [ELIGIBILITY.] To be eligible to receive a scholarship under this section, a student must:

(1) graduate from a Minnesota public or nonpublic high school in the academic year in which the scholarship is awarded;

(2) successfully complete a college preparatory curriculum and demonstrate outstanding ability, achievement, and potential in one of the specified subjects;

(3) be admitted to enroll full time in a nonsectarian, baccalaureate degree-granting program at the University of Minnesota or at a Minnesota state university, or at a Minnesota private, baccalaureate degree-granting college or university; and

(4) pursue studies in the subject for which the award is made.

Subd. 3. [SELECTION OF RECIPIENTS.] The governing board of an eligible institution shall determine, in consultation with its campuses, application dates and procedures, criteria to be considered, and methods of selecting students to receive scholarships. A campus, with the approval of its governing board, may award a scholarship in any of the specified fields of study (1) in which the campus offers a program that is of the quality and rigor to meet the needs of the talented student, and (2) that is pertinent to the mission of the campus.

Subd. 4. [AMOUNT OF SCHOLARSHIP.] The amount of the scholarship must be (1) at public institutions, the cost of tuition and fees for full-time attendance for one academic year, or (2) at private institutions, an amount equal to the lesser of the actual tuition and fees charged by the institution or the tuition and fees in comparable public institutions. Scholarships awarded under this section must not be considered in determining a student's financial need as provided in section 136A.101, subdivision 5.

Subd. 5. [RENEWALS.] The scholarship shall be renewed yearly, for up to three additional academic years, if the student:

(1) maintains full-time enrollment with a grade point average of at least 3.0 on a four point scale;

(2) pursues studies and continues to demonstrate outstanding ability, achievement, and potential in the field for which the award was made; and

(3) is achieving satisfactory progress toward a degree.

Subd. 6. [NUMBER OF AWARDS.] The number of scholarships awarded each year shall be determined by the amount of money available in the scholarship account, as provided in section 168.129, subdivision 6, that is credited to a post-secondary institution or system through sales of its license plates. The number of new

awards must be determined after subtracting the actual and projected amount necessary for renewals.

Subd. 7. [DISTRIBUTION AMONG CAMPUSES.] Post-secondary systems with more than one campus shall allocate at least three-fourths of the revenue available from the sale of license plates to the campuses to which the revenue is attributable. The governing board annually shall determine the distribution of the remaining portion among the campuses, after consideration of special needs or circumstances.

Subd. 8. [ADDITIONAL CONTRIBUTIONS.] A post-secondary system or campus may accept contributions, beyond those raised through the sale of license plates, to supplement the campus fund for academic excellence scholarships.

Sec. 2. [168.129] [SPECIAL COLLEGIATE LICENSE PLATES.]

Subdivision 1. [GENERAL REQUIREMENTS AND PROCEDURES.] The commissioner of public safety shall issue special collegiate license plates to an applicant who:

(1) is an owner or joint owner of a passenger automobile, pickup truck, or van;

(2) pays a fee determined by the commissioner to cover the costs of handling and manufacturing the plates;

(3) pays the registration tax required under section 168.12;

(4) pays the fees required under this chapter;

(5) contributes at least $100 to the scholarship account established in subdivision 6; and

(6) complies with laws and rules governing registration and licensing of vehicles and drivers.

Subd. 2. [DESIGN.] After consultation with each participating college, university or post-secondary system, the commissioner shall design the special collegiate plates.

In consultation with the commissioner, a participating college or university annually shall indicate the anticipated number of plates needed.

Subd. 3. [NO REFUND.] Contributions under this section must not be refunded.

Subd. 4. [PLATE TRANSFERS.] Notwithstanding section 168.12, subdivision 1, on payment of a transfer fee of $5, plates issued under this section may be transferred to another passenger vehicle, pickup, or van owned or jointly owned by the person to whom the special plates were issued.

Subd. 5. [FEES CREDITED.] The fees collected under this section must be deposited in the state treasury and credited to the highway user tax distribution fund. Fees collected under this section do not include the contributions collected for the scholarship account.

Subd. 6. [SCHOLARSHIP ACCOUNT.] A scholarship account is created in the state treasury. Except for one percent that may be retained by the commissioner of public safety for administrative costs, all contributions received under this section must be deposited by the commissioner in the scholarship account. Money in the scholarship account is appropriated to the governing board of the institution to which it is attributable, as provided in subdivision 7.

Subd. 7. [RECORD.] The commissioner shall maintain a record of the number of license plates issued for each post-secondary institution or system in order to determine the amount of scholarship funds available to that institution or system.

Sec. 3. [GOVERNING BOARD DUTIES.]

The board of regents of the University of Minnesota, the state university board, and the governing boards of eligible private colleges and universities are requested to cooperate with the higher education coordinating board, the Minnesota academic excellence foundation, public and nonpublic Minnesota high schools, and school districts to publicize the availability of the scholarships and to identify qualified students.

Sec. 4. [EFFECTIVE DATES.]

Section 1 is effective for high school graduates beginning in the 1991-1992 school year. Section 2 is effective for vehicle registrations after June 30, 1991.

ARTICLE 5

FINANCIAL AID

Section 1. Minnesota Statutes 1990, section 136A.101, subdivision 7, is amended to read:

Subd. 7. "Student" means a person who is enrolled at least half time~~, as defined by the board~~, in a program or course of study that applies to a degree, diploma, or certificate, except that for purposes

of section 136A.132, student may include a person enrolled for at least three quarter or semester credits or the equivalent but less than half time.

Sec. 2. Minnesota Statutes 1990, section 136A.101, is amended by adding a subdivision to read:

Subd. 7a. "Full time" means enrollment in a minimum of 15 quarter or semester credits or the equivalent.

Sec. 3. Minnesota Statutes 1990, section 136A.101, is amended by adding a subdivision to read:

Subd. 7b. "Half time" means enrollment in a *minimum of eight* quarter or semester credits or the equivalent.

Sec. 4. Minnesota Statutes 1990, section 136A.101, is amended by adding a subdivision to read:

Subd. 10. "Satisfactory academic progress" means that at the end of each academic year during which a grant was awarded, a student has achieved a cumulative grade point average of at least 2.0 on a four point scale or its equivalent, and has completed at least 75 percent of the credits attempted.

Sec. 5. Minnesota Statutes 1990, section 136A.121, subdivision 6, is amended to read:

Subd. 6. [COST OF ATTENDANCE.] The cost of attendance consists of allowances specified by the board for room and board and miscellaneous expenses, and

(1) for public institutions, tuition and fees charged by the institution; or

(2) for private institutions, an allowance for tuition and fees equal to the lesser of the actual tuition and fees charged by the institution, or the instructional costs per full-year equivalent student in comparable public institutions.

For students attending less than full time, the board shall prorate the cost of attendance.

Sec. 6. Minnesota Statutes 1990, section 136A.121, subdivision 11, is amended to read:

Subd. 11. [RENEWAL CONDITIONS.] Each grant is renewable, contingent on continued residency in Minnesota, satisfactory academic ~~standing~~ progress, recommendation of the eligible institution currently attended, and evidence of continued need.

Sec. 7. Minnesota Statutes 1990, section 136A.121, subdivision 16, is amended to read:

Subd. 16. [HOW APPLIED; ORDER.] Grants awarded under sections ~~136A.095 to 136A.131~~ 136A.121 and 136A.132 to 136A.1354 must be applied to educational costs in the following order: tuition, fees, books, supplies, and other expenses. Unpaid portions of the awards revert to the grant account.

Sec. 8. Minnesota Statutes 1990, section 136A.125, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE STUDENTS.] An applicant is eligible for a child care grant if the applicant:

(1) is a resident of the state of Minnesota;

(2) has a child 12 years of age or younger, or 14 years of age or younger who is handicapped as defined in section 120.03, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;

(3) is within the sliding fee scale income guidelines set under section 256H.10, subdivision 2, as determined by a standardized financial aid needs analysis in accordance with the board's policies and rules, but is not a recipient of aid to families with dependent children;

(4) has not earned a baccalaureate degree and has been enrolled full time less than eight semesters, 12 quarters, or the equivalent;

(5) is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate;

(6) is enrolled at least half time in an eligible institution; and

(7) is in good academic standing and making satisfactory academic progress~~, as determined by the institution~~.

Sec. 9. Minnesota Statutes 1990, section 136A.125, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE INSTITUTION.] A Minnesota public postsecondary institution or a private, ~~residential, two-year or four-year, liberal arts,~~ baccalaureate degree granting college or university located in Minnesota is eligible to receive child care funds from the board and disburse them to eligible students.

Sec. 10. Minnesota Statutes 1990, section 136A.125, subdivision 4, is amended to read:

Subd. 4. [AMOUNT AND LENGTH OF GRANTS.] The amount of a child care grant must be based on:

(1) the financial need of the applicant;

(2) the number of the applicant's children; and

(3) the cost of the child care,

as determined by the institution in accordance with board policies and rules. The amount of the grant must cover the cost of child care for all eligible children for the full number of hours of education per week and may cover up to 20 hours per week of employment for which child care is needed. The grant must be awarded for one academic year. The minimum financial stipend is $100.

Sec. 11. Minnesota Statutes 1990, section 136A.125, is amended by adding a subdivision to read:

Subd. 4a. [RATES CHARGED.] Child care providers may not charge students receiving grants under this section a rate that is higher than the rate charged to private paying clients.

Sec. 12. Minnesota Statutes 1990, section 136A.125, subdivision 6, is amended to read:

Subd. 6. [YEARLY ALLOCATIONS TO INSTITUTIONS.] The board shall base yearly allocations on the need for ~~and use of the~~ funds ~~in the last academic year, and other~~ using relevant factors as determined by the board in consultation with the institutions. Up to five percent of the allocation, as determined by the board, may be used for an institution's administrative expenses. Any funds designated, but not used, for this purpose must be reallocated to child care grants.

Sec. 13. [136A.1311] [CASH FLOW.]

The higher education coordinating board may ask the commissioner of finance to lend general fund money to the grant account to ease cash flow difficulties. The higher education coordinating board must first certify to the commissioner that there will be adequate refunds to the account to repay the loan. The commissioner shall use the refunds to make repayment to the general fund of the full amount loaned. Money necessary to meet cash flow difficulties in the state grant program is appropriated to the commissioner of finance for loans to the higher education coordinating board.

Sec. 14. Minnesota Statutes 1990, section 136A.132, subdivision 3, is amended to read:

Subd. 3. [STUDENT ELIGIBILITY.] An applicant is eligible to be considered for a part-time student grant if the applicant:

(1) is a resident of the state of Minnesota;

(2) is an undergraduate student who has not earned a baccalaureate degree;

(3) is pursuing a program or course of study that applies to a degree, diploma, or certificate;

(4) is attending an eligible institution either less than half time ~~as defined by the board,~~ or as a new or returning student enrolled at least half time but less than full time ~~as defined by the board~~; and

(5) is not in default, as defined by the board, of any federal or state student educational loan.

Sec. 15. Minnesota Statutes 1990, section 136A.132, subdivision 5, is amended to read:

Subd. 5. [AMOUNT.] The amount of any part-time student grant award must be based on the need of the applicant determined by the institution in accordance with policies and rules established by the higher education coordinating board. The minimum financial stipend is $100.

Sec. 16. Minnesota Statutes 1990, section 136A.132, subdivision 6, is amended to read:

Subd. 6. [LENGTH OF AWARD.] Part-time student grants must be awarded for a single term as defined by the institution in accordance with guidelines and policies of the higher education coordinating board. Awards are not renewable, but the recipient of an award may apply for additional awards for subsequent terms contingent on continued eligibility, need, and satisfactory academic progress.

A new or returning student enrolled at least half time but less than full time~~, as defined by the board,~~ and pursuing a program or course of study that applies to a degree, diploma, or certificate is eligible for an award for only one term.

Sec. 17. Minnesota Statutes 1990, section 136A.1352, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The higher education coordinating board shall provide grants to students who are entering or enrolled in registered nurse or licensed practical nurse programs,

who have no previous nursing training or education, and who agree to practice in a designated rural area, as defined by the board.

Sec. 18. Minnesota Statutes 1990, section 136A.1353, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools, colleges, or programs of nursing applying to participate in the nursing grant program based on the last academic year's enrollment of students in educational programs that would lead to licensure as a ~~licensed practical~~ registered nurse. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools, colleges, or programs of nursing. Initial applications are due by January 1, 1991, and by January 1 of each later year. By March 1, 1991, and by March 1 of each later year, the board shall notify each applicant school, college, or program of nursing of its approximate allocation of funds in order to allow the school, college, or program to determine the number of students that can be supported by the allocation. The board shall distribute funds to the schools, colleges, or programs of nursing by August 1, 1991, and by August 1 of each later year.

Sec. 19. Minnesota Statutes 1990, section 136A.1355, subdivision 1, is amended to read:

Subdivision 1. [CREATION OF ACCOUNT.] A rural physician education account is established. The higher education coordinating board shall use money from the account to establish a loan forgiveness program for medical students agreeing to practice in designated rural areas, as defined by the board.

Sec. 20. Minnesota Statutes 1990, section 136A.233, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS.] Work-study payments shall be made to eligible students by post-secondary institutions as provided in this subdivision.

(a) Students shall be selected for participation in the program by the post-secondary institution on the basis of student financial need.

(b) No eligible student shall be employed under the state work-study program while not a full-time student; provided, with the approval of the institution, a full-time student who becomes a part-time student during an academic year may continue to be employed under the state work-study program for the remainder of the academic year.

(c) Students will be paid for hours actually worked and the maximum hourly rate of pay shall not exceed the maximum hourly rate of pay permitted under the federal college work-study program.

(d) Minimum pay rates will be determined by an applicable federal or state law.

(e) Not less than ~~20~~ 30 percent of the compensation paid to the student under the state work-study program shall be paid by the eligible employer.

(f) Each post-secondary institution receiving funds for state work-study grants shall make a reasonable effort to place work-study students in employment with eligible employers outside the institution.

(g) The percent of the institution's work-study allocation provided to graduate students shall not exceed the percent of graduate student enrollment at the participating institution.

Sec. 21. Minnesota Statutes 1990, section 299A.45, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Following certification under section 299A.44 and compliance with this section and rules of the commissioner of public safety and the higher education coordinating board, dependent children less than 23 years of age and the surviving spouse of a public safety officer killed in the line of duty on or after January 1, 1973, are eligible to receive educational benefits under this section. To qualify for an award, they must be enrolled in undergraduate degree or certificate programs after June 30, 1990, at a Minnesota public post-secondary institution or a private, ~~residential, two-year or four-year, liberal arts,~~ baccalaureate degree granting college or university located in Minnesota. Persons who have received a baccalaureate degree or have been enrolled full time or the equivalent of eight semesters or 12 quarters, whichever occurs first, are no longer eligible.

Sec. 22. [CHILD CARE INNOVATION GRANTS.]

Subdivision 1. [PROGRAM.] The higher education coordinating board shall establish a grant program to encourage innovative approaches in providing or financing child care services to post-secondary students.

Subd. 2. [QUALIFICATIONS.] Grants may be awarded to the governing board of a post-secondary system, to a specific college campus or organization, or to a private, nonprofit organization. No grant may exceed $25,000.

Subd. 3. [APPLICATIONS.] The board shall determine procedures to solicit and evaluate proposals and to award grants. The board must consider the way in which a proposal would aid students needing child care, considering the limited funds available for the state child care grant program. The grants may also fund programs to assure that child care funding and delivery is part of a student's overall package of support services.

The board must not award a grant unless the proposal demonstrates a strong likelihood that the value of the services to be generated as a result of the grant substantially exceeds the amount of the grant.

Subd. 4. [REPORT.] The higher education coordinating board shall report to the appropriations and finance committees on its distribution of the grants by February 1, 1992. The board shall evaluate the projects and make its final report by January 1, 1993.

Sec. 23. [REPEALER.]

Minnesota Statutes 1990, section 136A.1351, is repealed.

Sec. 24. [EFFECTIVE DATE.]

Sections 2 and 3 are effective July 1, 1992. Section 22 is effective the day following final enactment.

ARTICLE 6

ENROLLMENT AND FUNDING

Section 1. Minnesota Statutes 1990, section 135A.03, subdivision 3, *is amended to read:*

Subd. 3. [DETERMINATION OF STUDENT ENROLLMENT.] Student enrollment shall be the full-year equivalent or average daily membership enrollment in each instructional category in the fiscal year two years before the fiscal year for which the appropriations are being made, except as provided in subdivision 3a. Student enrollment for the purpose of calculating appropriations for the second year of the biennium may be estimated on the basis of the latest enrollment data available. Student enrollment shall include students enrolled in courses that award credit or otherwise satisfy any of the requirements of an academic or vocational program.

Sec. 2. Minnesota Statutes 1990, section 135A.03, is amended by adding a subdivision to read:

Subd. 3a. [EXCLUSIONS FROM ENROLLMENT.] Student enrollment for the purposes of average cost funding shall not include:

(1) any students, except those enrolled in programs that lead to a doctoral level degree, who do not meet the residency criteria established under subdivision 7;

(2) except at the technical colleges, enrollment at an off-campus site or center that is not specifically authorized by the legislature;

(3) enrollment in extension at the technical colleges;

(4) students concurrently enrolled in a secondary school for whom the institution is receiving any compensation under the post-secondary enrollment options act; and

(5) students enrolled in recreational or leisure-time activity courses, except for those students enrolled in a degree-granting program for whom the credits would apply toward a baccalaureate degree.

Sec. 3. Minnesota Statutes 1990, section 135A.03, is amended by adding a subdivision to read:

Subd. 7. [RESIDENCY RESTRICTIONS.] In calculating student enrollment for appropriations, only the following may be included:

(1) students who resided in the state for at least one calendar year prior to applying for admission;

(2) Minnesota residents who can demonstrate that they were temporarily absent from the state without establishing residency elsewhere; and

(3) residents of other states who are attending a Minnesota institution under a tuition reciprocity agreement.

Sec. 4. Laws 1990, chapter 591, article 3, section 10, is amended to read:

Sec. 10. [CONDITIONS.]

(a) The state university board, the state board for community colleges, the state board of vocational technical education, and their respective campuses must not enter into new long-term lease arrangements, significantly increase the course offerings at off-campus sites, enter any 2 + 2 arrangements, or significantly increase staffing levels for off-campus sites between the effective date of this section and the end of the ~~1990-1991~~ 1992-1993 academic year. A current long-term lease may be renewed if it expires during this period. The board of regents is requested to abide by these conditions until the end of the ~~1990-1991~~ 1992-1993 academic year.

(b) This section does not apply to actions of Metropolitan State University that are part of its plan to consolidate its sites in the seven-county metropolitan area. The state university board shall consult with the chairs of the house appropriations and senate finance committees in carrying out its plans. For purposes of this paragraph, "plan to consolidate" does not include entering into any 2 + 2 arrangements.

Sec. 5. [QUALITY INCENTIVES.]

Subdivision 1. [LEGISLATIVE INTENT.] In order to encourage a better match between student abilities and needs and system mission and strengths, and to promote better opportunities for student success and enhanced instructional quality, the legislature intends to provide funding for improvements in rates of student retention, graduation, and transfer from two- to four-year systems.

Subd. 2. [PROPOSALS.] By September 15, 1991, each public post-secondary system shall propose to the education divisions of the appropriations and finance committees (1) mechanisms to increase its quality in these areas, and (2) methods by which the increases may be measured.

Sec. 6. [HECB RECOMMENDATIONS TO LEGISLATURE.]

By January 15, 1993, the higher education coordinating board shall present to the education committees of the legislature recommendations for linking funding of post-secondary education systems to achievement of the system plans and missions that are required under Minnesota Statutes, section 135A.06, and to achievement by students of system and institution learner outcomes.

Sec. 7. [ENROLLMENT AUDIT.]

The legislative audit commission and the commissioner of finance are requested to undertake a study of enrollment, including an audit of full-year equivalents, in the technical college and community college systems. The study should examine the changes in full-year equivalents since the enactment of average cost funding, the distribution of students in credit and noncredit programs, degree and nondegree programs, the inclusion of students in average cost funding for whom the systems are receiving alternative funding, and the changes in enrollment and cost among the average cost funding cells. The auditor and the commissioner are requested to report their findings and recommendations to the education divisions of the appropriations and finance committees by February 15, 1992.

Sec. 8. [EFFECTIVE DATE.]

Sections 5 and 7 are effective the day following final enactment.

ARTICLE 7

MISCELLANEOUS

Section 1. Minnesota Statutes 1990, section 135A.05, is amended to read:

135A.05 [TASK FORCE.]

The executive director of the Minnesota higher education coordinating board shall administer a task force on average cost funding. The task force shall include representation from each of the public systems of post-secondary education, post-secondary students, the education division of the house appropriations committee, the education ~~subcommittee~~ division of the senate finance committee, and the office of the commissioner of finance~~, the office of state auditor, and the uniform financial accounting and reporting advisory council~~. The task force shall be convened and chaired by the executive director or a designee and staffed by the higher education coordinating board. The task force shall review and make recommendations on the definition of instructional cost in all four systems, the method of calculating average cost for funding purposes, the method used to assign programs to the proper level of cost at each level of instruction, the adequacy of the accounting data for defining instructional cost in a uniform manner, and the biennial budget format to be used by the four systems in submitting their biennial budget requests. The task force shall submit a report on these matters to the legislature by December 1 of each odd-numbered year. The task force expires June 30, 1993.

Sec. 2. [135A.131] [LOCAL ASSESSMENT.]

Each public post-secondary governing board may pay when due any assessment by a local unit of government that is less than five percent of the board's appropriation for repair and replacement.

Sec. 3. Minnesota Statutes 1990, section 136.11, subdivision 3, is amended to read:

Subd. 3. [UNIVERSITY ACTIVITY FUND.] The state university board shall establish in each university a fund to be known as the university activity fund. The purpose of this fund shall be to provide for the administration of university activities designed for student recreational, social, welfare, and educational pursuits supplemental to the regular curricular offerings. The university activity fund shall encompass accounts for student activities, authorized university agencies, authorized auxiliary enterprises, and student loans,

~~and~~ grants, and other nontreasury accounts, in addition such other accounts as the board may prescribe.

Sec. 4. Minnesota Statutes 1990, section 136.11, is amended by adding a subdivision to read:

Subd. 3a. [SYSTEMWIDE ADMINISTRATIVE FUND.] The chancellor may establish a fund within the system office for systemwide purposes including management of certain employee funds, contracts, student equipment purchases, and receipt and transfer of foreign program funds.

Sec. 5. Minnesota Statutes 1990, section 136.11, subdivision 5, is amended to read:

Subd. 5. [ADMINISTRATION OF ACTIVITY FUND MONEYS.] The state university board independent of other authority and notwithstanding chapters 16A and 16B, shall administer the money collected for the university activities fund and the systemwide administrative fund. All university activity fund money collected shall be retained by the president of each state university to be administered under the rules of the state university board by the presidents of the respective universities subject to audit of the legislative auditor.

Sec. 6. Minnesota Statutes 1990, section 136.14, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The state university board shall have the educational management, supervision, and control of the state universities and of all related property. It shall appoint all presidents, teachers, and other necessary employees and fix their salaries. It shall prescribe courses of study, conditions of admission, prepare and confer diplomas, report graduates of the state university department, and adopt suitable policies for the universities. Sections 14.01 to 14.47 do not apply to policies and procedures of the board. It shall, as a whole or by committee, visit each state university at least once in each year for the purpose of meeting with administrators, faculty, students and the community to discuss such matters as facilities, modes of instruction, curriculum, extracurricular programs and management. The board shall schedule meetings as it deems necessary, but it shall hold at least 11 monthly meetings each year.

Sec. 7. [136.172] [LITIGATION AWARDS.]

Notwithstanding any law to the contrary, the state university board may keep money 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 must be kept by the board to

the credit of the account from which the litigation was originally funded. An award that exceeds the costs incurred in the litigation shall be used by the board to reduce future repair or replacement or capital requests. The board shall report on any awards it receives as part of its biennial budget request.

Sec. 8. Minnesota Statutes 1990, section 136.61, subdivision 3, is amended to read:

Subd. 3. The state board for community colleges shall elect a president, a secretary and such other officers as it may desire. It shall fix its meeting dates and places but it shall hold at least 11 monthly meetings each year. The commissioner of administration shall provide it with appropriate offices.

Sec. 9. Minnesota Statutes 1990, section 136C.03, subdivision 3, is amended to read:

Subd. 3. [ADMINISTRATION.] The state board shall elect a chair and other officers as it may desire. It shall determine its meeting dates and places, but it shall hold at least 11 monthly meetings each year. The commissioner of administration shall provide the state board with appropriate offices.

Sec. 10. [CREDIT TRANSFER.]

By September 15, 1991, the higher education advisory council shall resolve differences and inconsistencies within and among the post-secondary systems relating to educationally sound transfer of credit policies, including system policies on the award of credits, transferability of general education components, use of tests for determining credit or proficiency, and provision and use of appeals processes. The legislature intends that credit transfer policies provide for the broadest and most simple mechanisms that are feasible while protecting the academic quality of institutions and programs.

Sec. 11. [EFFECTIVE DATE.]

Section 10 is effective the day following final enactment."

Delete the title and insert:

"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 technical colleges, state board for community colleges, state university board, University of Minnesota, and Mayo medical foundation, with certain conditions; amending Minnesota Statutes 1990, sections 135A.03, subdivision 3, and by adding subdivisions; 135A.05; 136.11, subdivisions 3, 5, and by

adding a subdivision; 136.14, subdivision 1; 136.61, subdivision 3; 136A.101, subdivision 7, and by adding subdivisions; 136A.121, subdivisions 6, 11, and 16; 136A.125, subdivisions 2, 3, 4, and 6, and by adding a subdivision; 136A.132, subdivisions 3, 5, and 6; 136A.1352, subdivision 1; 136A.1353, subdivision 4; 136A.1355, subdivision 1; 136A.233, subdivision 3; 136C.03, subdivision 3; 299A.45, subdivision 1; 626.84, subdivision 1; and Laws 1990, chapter 591, article 3, section 10; proposing coding for new law in Minnesota Statutes, chapters 135A; 136; 136A; 168; and 626; repealing Minnesota Statutes 1990, sections 136A.1351; and 626.86."

The motion prevailed and the amendment was adopted.

Carlson moved to amend S. F. No. 1535, as amended, as follows:

Page 5, after line 34, insert subdivisions to read:

"Subd. 6. Moorhead Technical College

Independent school district No. 152, Moorhead Technical College, may spend up to $350,000 to construct classroom and related space for farm business, small business, and other management programs at Moorhead Technical College. The expenditure must be made entirely from local money.

Subd. 7. Northeast Metro Technical College

Intermediate school district No. 916, Northeast Metro Technical College, may spend up to $325,500 to construct a media center and to make electrical and mechanical renovations at Northeast Metro Technical College. The expenditure must be made entirely from local money.

Subd. 8. Detroit Lakes Technical College

The commissioner of finance shall give priority funding to the Detroit Lakes Technical College building project authorized by Laws 1990, chapter 610,

article 1, section 2, subdivision 7, in the event that cashflows for currently authorized projects recommended by the Governor are modified, suspended, or delayed resulting in additional funds for debt service within the limits appropriated for the biennium ending June 30, 1993."

Page 6, after line 48, insert subdivisions to read:

"Subd. 4. Mankato State

Of the money appropriated in Laws 1990, chapter 610, article 1, section 4, subdivision 3, paragraph (a), to provide for heating plant rehabilitation at the Mankato campus, $1,500,000 may be used to install a campus chilled water system. The existing heating plant shall be expanded to accommodate the rehabilitation and the chilled water system.

Subd. 5. St. Cloud State

Notwithstanding Minnesota Statutes, chapter 16B, for fiscal year 1992, the St. Cloud State University Foundation Incorporated may construct an addition to the existing business education building, a state-owned building located on the St. Cloud State University campus. The foundation may provide initial funds to the state university board to contract for design and construction. The state university board shall supervise and control the preparation of plans and specifications for the construction of the building addition. The building addition shall be leased and then donated to St. Cloud State University, subject to the approval of the board. The term of the lease shall not exceed five years. The board shall have approval authority for the design and lease. Title to the building shall pass to the state immediately upon donation or when all the terms of the lease have been met. Prior to the design, construction, or lease, the

board shall report its plans to the chairs of the senate finance and house appropriations committees.

Notwithstanding Minnesota Statutes, chapter 94, the state university board may enter into an agreement with the city of St. Cloud to exchange parcels of land. The conveyances must be made for no monetary consideration and by quitclaim deed in a form approved by the attorney general. Before the conveyances, the state university board and the city of St. Cloud shall enter an agreement on temporary easements on the parcels of land to be exchanged."

Pages 10 through 15, delete article 2 and renumber the remaining articles

The motion prevailed and the amendment was adopted.

Gruenes, Dorn, Carlson and Goodno moved to amend S. F. No. 1535, as amended, as follows:

Page 3, after line 33, add a subdivision to read:

"Subd. 4. Financial Aid Eligibility

For the biennium, a student enrolled in a degree program at a public post-secondary institution who is temporarily participating in a special program at another Minnesota public post-secondary institution shall be eligible to apply for state grants and loans as if the student had formally transferred to the second institution."

Renumber the remaining subdivisions

The motion prevailed and the amendment was adopted.

Haukoos moved to amend S. F. No. 1535, as amended, as follows:

Page 22, after line 14, add a section to read:

"Sec. 4. Minnesota Statutes 1990, section 136A.101, subdivision 8, is amended to read:

Subd. 8. "Resident student" means a student who meets one of the following conditions:

(1) an independent student who has resided in Minnesota for purposes other than post-secondary education for at least 12 months;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school, unless the student is a resident of a bordering state attending a Minnesota high school; or

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota."

Renumber the remaining sections

The motion prevailed and the amendment was adopted.

McEachern and Carlson moved to amend S. F. No. 1535, as amended, as follows:

Page 5, line 29, after the period insert:

"The number of students in special populations served at each education level must be considered in developing the process."

The motion prevailed and the amendment was adopted.

Frerichs; Tompkins; Heir; Smith; Pellow; Seaberg; Anderson, R. H.; Davids; Sviggum; Weaver; Bettermann; Koppendrayer; McPherson; Hufnagle; Runbeck and Waltman moved to amend S. F. No. 1535, as amended, as follows:

Page 3, line 5, delete "$250,000" and insert "$100,000"

A roll call was requested and properly seconded.

The question was taken on the Frerichs et al amendment and the roll was called. There were 45 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Anderson, R. H.	Frerichs	Johnson, V.	Onnen	Stanius
Bettermann	Gutknecht	Koppendrayer	Ozment	Sviggum
Blatz	Hartle	Krinkie	Pauly	Tompkins
Boo	Heir	Leppik	Pellow	Uphus
Davids	Henry	Lynch	Runbeck	Valento
Dempsey	Hufnagle	Macklin	Schafer	Waltman
Dille	Hugoson	McPherson	Schreiber	Weaver
Erhardt	Jennings	Nelson, S.	Seaberg	Welker
Frederick	Johnson, A.	Newinski	Smith	Winter

Those who voted in the negative were:

Abrams	Dorn	Kinkel	Olsen, S.	Scheid
Anderson, I.	Farrell	Krueger	Olson, E.	Segal
Anderson, R.	Garcia	Lasley	Olson, K.	Simoneau
Battaglia	Girard	Lieder	Omann	Skoglund
Bauerly	Goodno	Limmer	Orenstein	Solberg
Beard	Greenfield	Long	Orfield	Sparby
Begich	Gruenes	Lourey	Osthoff	Steensma
Bertram	Hanson	Mariani	Ostrom	Swenson
Bodahl	Hausman	Marsh	Pelowski	Thompson
Brown	Jacobs	McEachern	Peterson	Trimble
Carlson	Janezich	McGuire	Pugh	Tunheim
Carruthers	Jefferson	Milbert	Reding	Vellenga
Clark	Johnson, R.	Morrison	Rest	Wagenius
Cooper	Kahn	Munger	Rice	Wejcman
Dauner	Kalis	Murphy	Rodosovich	Wenzel
Dawkins	Kelso	O'Connor	Sarna	Spk. Vanasek

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

Dille moved to amend S. F. No. 1535, as amended, as follows:

Page 22, after line 14, add a section to read:

"Sec. 4. Minnesota Statutes 1990, section 136A.101, subdivision 8, is amended to read:

Subd. 8. "Resident student" means a student who meets one of the following conditions:

(1) an independent student who has resided in Minnesota for purposes other than post-secondary education for at least 12 months;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school; ~~or~~

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota; or

(5) a student who has been married to a Minnesota resident for a minimum of one year."

Renumber the remaining sections

The motion prevailed and the amendment was adopted.

S. F. No. 1535, A bill for an act relating to public administration; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; creating the higher education board; merging the state university, community college, and technical college systems; amending Minnesota Statutes 1990, sections 15A.081, subdivision 7b; 135A.03, subdivision 3; 135A.05; 136.11, subdivisions 3, 5, and by adding a subdivision; 136.142, subdivision 1, and by adding a subdivision; 136A.121, subdivision 10, and by adding subdivisions; 136A.233, subdivision 3; 179A.10, subdivision 2; and 298.28, subdivisions 4, 7, 10, 11, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 135A; 136; 136A; 136E; and 298; repealing Minnesota Statutes 1990, section 136A.05, 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 99 yeas and 33 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dorn	Kahn	O'Connor	Scheid
Anderson, R.	Farrell	Kalis	Ogren	Segal
Anderson, R. H.	Frederick	Kelso	Olson, E.	Simoneau
Battaglia	Garcia	Kinkel	Olson, K.	Skoglund
Bauerly	Girard	Krueger	Omann	Solberg
Beard	Goodno	Lasley	Orenstein	Sparby
Begich	Greenfield	Lieder	Orfield	Stanius
Bertram	Gruenes	Limmer	Osthoff	Steensma
Bettermann	Gutknecht	Long	Ostrom	Thompson
Bishop	Hanson	Lourey	Ozment	Trimble
Bodahl	Hartle	Mariani	Pelowski	Tunheim
Boo	Hasskamp	Marsh	Peterson	Uphus
Brown	Haukoos	McEachern	Pugh	Vellenga
Carlson	Hausman	McGuire	Reding	Wagenius
Carruthers	Jacobs	Milbert	Rest	Wejcman
Clark	Janezich	Morrison	Rice	Welle
Cooper	Jefferson	Munger	Rodosovich	Wenzel
Dauner	Johnson, A.	Murphy	Rukavina	Winter
Dempsey	Johnson, R.	Nelson, K.	Sarna	Spk. Vanasek
Dille	Johnson, V.	Nelson, S.	Schafer	

Those who voted in the negative were:

Abrams	Hufnagle	Lynch	Pellow	Tompkins
Blatz	Hugoson	Macklin	Runbeck	Valento
Davids	Jaros	McPherson	Schreiber	Waltman
Erhardt	Knickerbocker	Newinski	Seaberg	Weaver
Frerichs	Koppendrayer	Olsen, S.	Smith	Welker
Heir	Krinkie	Onnen	Sviggum	
Henry	Leppik	Pauly	Swenson	

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

Segal from the Committee on Economic Development to which was referred:

H. F. No. 1655, A bill for an act relating to taxation; authorizing the department of trade and economic development to issue obligations to finance construction of aircraft maintenance and repair facilities; providing tax credits for job creation; providing an exemption from sales tax for certain equipment and materials; authorizing establishment of tax increment financing districts in the cities of Duluth and Hibbing; authorizing the metropolitan airports commission to operate outside the metropolitan area; amending Minnesota Statutes 1990, sections 290.06, by adding a subdivision; and 473.608, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 116J and 297A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [116R.01] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section apply to sections 1 to 15.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of finance.

Subd. 3. [DEPARTMENT.] "Department" means the department of finance.

Sec. 2. [116R.02] [BOND ISSUE; SALE AUTHORIZATION.]

Subdivision 1. [USE OF PROCEEDS.] The commissioner of fi-

nance, upon the request of the commissioner of trade and economic development, shall issue and sell revenue bonds in one or more series or issues for the purposes provided in this section in the aggregate principal amount of up to $350,000,000.

Subd. 2. [LOAN, LEASE, AND REVENUE AGREEMENTS.] The commissioner may make loans or enter into lease agreements or other revenue agreements for the facilities described in subdivisions 5 and 6. The commissioner may provide for servicing of the loans and agreements, the times they are payable and the amounts of payments, the amount of the loans and agreements, their security, and other terms, conditions, and provisions necessary or convenient in connection with them and may enter into all necessary contracts and security instruments in connection with them. The commissioner shall obtain the best available security for the loans or lease agreements. The facilities described in subdivisions 5 and 6 may be pledged as collateral for the loan.

Subd. 3. [APPLICATIONS.] An applicant may file a written application with the commissioner of trade and economic development, to be considered by the commissioner of trade and economic development, for a loan or lease agreement or other revenue agreement for the aircraft facilities described in subdivisions 5 and 6. In general, an application must provide information similar to that required by an investment banking or other financial institution considering a project for debt financing. Except for federal and state securities disclosure requirements, the following data submitted in connection with the application is nonpublic data: business plans, financial statements, customer lists, and market and feasibility studies paid for with nonpublic money.

Subd. 4. [NATURE OF OBLIGATIONS; REPAYMENT; SECURITY.] (a) Bonds issued under sections 1 to 15 are not subject to section 16B.06. As described in sections 1 to 15, the full faith and credit and taxing powers of the state and St. Louis county may be pledged for the payment of these bonds. To provide the money appropriated in this act, the commissioner of finance, upon the occurrence of the deficiency addressed in section 13, subdivision 3, shall sell and issue bonds of the state in an amount not to exceed $125,000,000 for the facility described in subdivision 5, and in an amount not to exceed $50,000,000 for the facility described in subdivision 6 in the manner, on the terms, and with the effect prescribed by this act and sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. St. Louis county may issue general obligation bonds for the purposes described in this subdivision. The general obligation bonds issued by St. Louis county and the pledge of St. Louis county are not subject to any net debt limitation. A levy of taxes for the St. Louis county general obligation bonds is not subject to any levy limitations and may be issued without an election.

(b) Of the bonds issued to finance the facility described in subdivision 5, bonds in the principal amount of $125,000,000 must be secured by the general obligation of the state or the pledge of any other revenues, property, guaranties, or other credit, and $12,600,000 must be secured by the general obligation of St. Louis county.

(c) Of the bonds issued to finance the facility described in subdivision 6, bonds in the principal amount of $50,000,000 must be secured by the general obligation of the state or the pledge of any other revenues, property, guaranties, or other credit, and $15,000,000 must be secured by the general obligation of St. Louis county.

(d) If a deficiency occurs as provided in section 13, the state shall issue all of the general obligation bonds required to be issued under this subdivision by the state before St. Louis county is required to issue general obligation bonds under this subdivision.

Subd. 5. [USE OF PROCEEDS; AIRCRAFT MAINTENANCE FACILITY.] The proceeds of the bonds issued in a principal amount not to exceed $250,000,000 must be used to finance the construction of a heavy maintenance facility for aircraft to be located at the Duluth international airport and any costs of issuance, reserves, credit enhancement, or an initial period of interest payments related to the bonds or the facility. The facility must be owned by the metropolitan airports commission and leased to and operated by an airline company for use as a heavy maintenance base. In the event of a default under the loan, lease agreement, or other revenue agreement, the facility may be leased to another person for operation as a revenue-producing enterprise, subject to the approval of the commissioner.

Subd. 6. [USE OF PROCEEDS; AIRCRAFT ENGINE REPAIR FACILITY.] The proceeds of the bonds issued in a principal amount not to exceed $100,000,000 must be used to finance an aircraft engine repair facility in the city of Hibbing and any costs of issuance, reserves, credit enhancement, or an initial period of interest payments related to the bonds or the facility. The facility must be publicly owned, but may be leased, with or without a purchase option exercisable at any price, to any person for the primary purpose of repairing aircraft engines or components.

Subd. 7. [ENVIRONMENTAL ASSESSMENT.] Notwithstanding any other law or rule, no environmental impact statement must be completed prior to the approval of an application and the issuance of a conditional commitment for the loan, or the taking of any other action permitted by sections 1 to 15, including the issuance of bonds, which is considered necessary or desirable by the commissioner to prepare for a final commitment and to make it effective. Environmental review, to the extent required by law, shall be made in

conjunction with the issuance by state agencies of environmental permits for the project. Permits may be applied for prior to the issuance of a conditional commitment. Action shall be taken as expeditiously as possible on environmental review and all permits required.

Sec. 3. [116R.03] [GENERAL POWERS.]

For the purpose of exercising the specific powers authorized under sections 1 to 15 and effectuating the other purposes of sections 1 to 15, the commissioner may:

(1) acquire, hold, and dispose of real or personal property;

(2) 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 1 to 15;

(3) acquire real property, or an interest therein, by purchase or foreclosure, where the acquisition is necessary or appropriate;

(4) enter into agreements with lenders, borrowers, or the issuers of securities for the purpose of regulating the development and management of any facility financed in whole or in part by the proceeds of bonds or loans;

(5) enter into agreements with other appropriate federal, state, or local governmental units; and

(6) 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 the commissioner considers necessary or desirable, to assist in the exercise of any of the powers authorized under sections 1 to 15 and to carry out the objectives of sections 1 to 15 and may pay for the services from bond proceeds or otherwise available department money.

Sec. 4. [116R.04] [REVENUE BONDS; PURPOSES, TERMS, APPROVAL.]

Subdivision 1. [BONDS.] The commissioner from time to time may issue negotiable bonds in one or more series or issues in a principal amount which, in the opinion of the commissioner of trade and economic development, is necessary to provide sufficient funds for achieving the purposes of sections 1 to 15, including the construction of a heavy maintenance facility for aircraft to be located at the Duluth international airport, the financing of an aircraft engine repair facility in the city of Hibbing, the payment of

interest on bonds of the commissioner, the establishment of reserves to secure the bonds, and the payment of all other expenditures of the commissioner incident to and necessary or convenient to carry out the purposes and powers of sections 1 to 15. The bonds may be issued as bonds or notes or in any other form authorized by law.

Subd. 2. [REFUNDING OF BONDS.] The commissioner from time to time may issue bonds for the purpose of refunding any bonds then outstanding, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the redemption date next succeeding the date of delivery of those refunding bonds. The proceeds of any refunding bonds may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the bonds to be refunded, or to the redemption of such outstanding bonds on the redemption date next succeeding the date of delivery of such refunding bonds and may, pending such application, be placed in escrow to be applied to such purchase, retirement, or redemption. Any such escrowed proceeds, pending such use, may be invested and reinvested in obligations that are permitted investments under section 11A.24, maturing at a time or times appropriate to assure the prompt payment of the principal of and interest and redemption premiums, if any, on the bonds to be refunded. The income earned or realized on any such investment may also be applied to the payment of the bonds to be refunded. After the terms of the escrow have been fully satisfied, any balance of such proceeds and any investment income may be returned to the general fund for use in any lawful manner. All refunding bonds issued under the provisions of this subdivision must be issued and secured in the manner provided by resolution of the commissioner.

Subd. 3. [KIND OF BONDS.] All bonds issued under this section must be issued in the form and manner provided in section 16A.672.

Subd. 4. [COMPLIANCE WITH FEDERAL LAW.] The commissioner may covenant and agree with the holders of the bonds issued under this section that the state will comply, insofar as possible, with the provisions of the United States Internal Revenue Code now or hereafter enacted that are applicable to the bonds and that establish conditions under which the interest to be paid on the bonds will not be includable in gross income for federal tax purposes.

Subd. 5. [TAXABILITY OF INTEREST.] Interest on the bonds authorized by this section may be issued without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes.

Sec. 5. [116R.05] [REVENUE BONDS; RESOLUTIONS AUTHORIZING, ADDITIONAL TERMS, SALE.]

The bonds must be authorized by a resolution or resolutions of the commissioner, bear such date or dates, mature at such time or times,

bear interest at such rate or rates, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States, at such place or places within or without the state, and be subject to such terms of redemption or purchase prior to maturity as the resolutions or certificates may provide. If, for any reason, whether existing at the date of issue of any bonds or at the date of making or purchasing any loan or securities from the proceeds or after that date, the interest on any bonds is or becomes subject to federal income taxation, this shall not impair or affect the validity or the provisions made for the security of the bonds. The commissioner may make covenants and take or cause to be taken actions which are necessary or desirable and possible to comply with conditions established by federal law or regulations for the exemption of interest on the obligations. The commissioner may refrain from compliance with those conditions if in the commissioner's judgment this would serve the purposes and policies set forth in sections 1 to 15 with respect to any particular issue of bonds, unless this would violate covenants made by the commissioner. The bonds may be sold at public or private sale at a price or prices determined by the commissioner. The underwriting discount, spread, or commission paid or allowed to the underwriters of the bonds, however, must be an amount not in excess of the amount determined by the commissioner to be reasonable in the light of the risk assumed and the expenses of issuance, if any, required to be paid by the underwriters.

Sec. 6. [116R.06] [REVENUE BONDS; OPTIONAL RESOLUTION AND CONTRACT PROVISIONS.]

Any resolution authorizing any bonds or any issue of bonds may contain provisions, which must be a part of the contract with the holders of the bonds, as to the matters referred to in this section.

(a) It may pledge or create a lien on money or property and any money held in trust or otherwise by others to secure the payment of the bonds or of any series or issue of bonds, subject to any agreements with bondholders which exist.

(b) It may provide for the custody, collection, securing, investment, and payment of money.

(c) It may set aside reserves or sinking funds and provide for their regulation and disposition and may create other special funds into which money may be deposited.

(d) It may limit the loans and securities to which the proceeds of sale of bonds may be applied and may pledge repayments thereon to secure the payment of the notes or bonds or of any series or issue of notes or bonds.

(e) It may limit the issuance of additional bonds, the terms upon

which additional bonds may be issued and secured, and the refunding of outstanding or other bonds.

(f) It may prescribe the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent to the amendment or abrogation, and the manner in which that consent may be given.

(g) It may vest in a trustee or trustees property, rights, powers, and duties in trust determined by the commissioner, which may include any or all of the rights, powers, and duties of the bondholders, or may limit the rights, powers, and duties of the trustee.

(h) It may define the acts or omissions to act which constitute a default in the obligations and duties of the commissioner and may provide for the rights and remedies of the holders of bonds in the event of a default, and provide any other matters of like or different character, consistent with the general laws of the state and other provisions of sections 1 to 15, which in any way affect the security or protection of the bonds and the rights of the bondholders.

Sec. 7. [116R.07] [PLEDGES.]

Any pledge made by the commissioner is valid and binding from the time the pledge is made. The money or property pledged and later received by the commissioner is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of any pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the commissioner, whether or not those parties have notice of the lien or pledge. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

Sec. 8. [116R.08] [REVENUE BONDS; NONLIABILITY OF INDIVIDUALS.]

The commissioner and the commissioner's staff and any person executing the bonds are not personally liable on the bonds or subject to any personal liability or accountability by reason of their issuance.

Sec. 9. [116R.09] [REVENUE BONDS; PURCHASE AND CANCELLATION.]

The commissioner, subject to agreements with bondholders which may then exist, has power out of any funds available for the purpose to purchase bonds of the commissioner at a price not exceeding (a) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon,

or (b) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Sec. 10. [116R.10] [STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.]

The state pledges and agrees with the holders of any bonds issued under sections 1 to 15, that the state will not limit or alter the rights vested in the commissioner to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The commissioner may include this pledge and agreement of the state in any agreement with the holders of bonds issued under sections 1 to 15.

Sec. 11. [116R.11] [AIRCRAFT FACILITIES FUND.]

The commissioner shall establish an aircraft facilities fund. The commissioner may establish whatever accounts might be necessary to carry out sections 1 to 15. The state treasurer or any trustee appointed by the commissioner under sections 1 to 15 shall maintain permanently on official books and records debt service accounts separate from all other funds and accounts, to record all receipts and disbursements of money for principal and interest payments on bonds. No later than the due date of each principal and interest payment on the bonds, the commissioner shall withdraw from the proceeds of the bonds, or from revenues on hand and available for the purpose, and shall deposit in the debt service accounts the amount, if any, required in the account by the resolution or resolutions of the commissioner.

Sec. 12. [116R.12] [POWERS AND DUTIES OF TRUSTEE.]

Subdivision 1. [GENERAL.] The trustee, if any, designated in any indenture or resolution securing an issue of bonds may, and upon written request of the holders of 25 percent in principal amount of the notes or bonds then outstanding shall, in the trustee's own name, subject to the provisions of the indenture or resolution:

(1) enforce all rights of the bondholders, including the right to require the commissioner to collect fees, charges, interest, and payments on leases, loans, or interests therein held by the commissioner and eligible securities purchased by it adequate to carry out any agreement as to, or pledge of, those fees, charges, and payments, and to require the commissioner to carry out any other agreements with the holders of the notes or bonds and to perform the duties required under sections 1 to 15;

(2) bring suit upon the bonds;

(3) require the commissioner to account as if it were the trustee of any express trust for the holders of the bonds;

(4) enjoin any acts or things which may be unlawful or in violation of the rights of holders of the bonds; or

(5) declare all the bonds due and payable, and if all defaults are made good, then, with the consent of the holders of 25 percent of the principal amount of the bonds then outstanding, the trustee may annul the declaration and consequences.

Subd. 2. [ADDITIONAL POWERS.] In addition to the powers in subdivision 1, the trustee has all of the powers necessary or appropriate for the exercise of any functions specifically set forth in this section or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

Subd. 3. [VENUE; NOTICE.] The venue of any action or proceedings brought by a trustee is in Ramsey county. Before declaring the principal of bonds due and payable, the trustee shall first give 30 days' notice in writing to the commissioner.

Sec. 13. [116R.13] [REVENUE BOND ACCOUNT; REPORTS.]

Subdivision 1. [AUTHORITY.] The commissioner may create and establish a special account or accounts for the security of one or more or all series of its bonds, which accounts are known as debt service reserve accounts. The commissioner may pay into each debt service reserve account:

(1) any money appropriated by the state only for the purposes of that account;

(2) any money transferred from the security fund for the purposes of that account;

(3) any proceeds of sale of bonds to the extent provided in the resolution or indenture authorizing their issuance;

(4) any money directed to be transferred by the commissioner to that debt service reserve account; and

(5) any other money made available to the commissioner only for the purpose of that account from any other source.

Subd. 2. [USE OF MONEY.] The money held in or credited to each debt service reserve account, except as provided in this section, must be used solely for the payment of the principal of bonds of the

commissioner as the bonds mature, the purchase of the bonds, the payment of interest on the bonds, or the payment of any premium required when the bonds or notes are redeemed before maturity; provided, that money in a debt service reserve account may not be withdrawn at any time in an amount which would reduce the amount of the account to less than the amount which the commissioner determines to be reasonably necessary for the purposes of the account, except for the purpose of paying principal or interest due on bonds secured by the account, for the payment of which other money is not available.

Subd. 3. [GENERAL OBLIGATION BONDS.] If the amount in any debt service reserve account falls below the minimum required in a resolution or resolutions of the commissioner, the commissioner shall issue general obligation bonds in accordance with section 16A.641 except as otherwise provided in this section unless provision is made for restoring the deficiency from other sources. The bonds may be sold at public or private sale at a price or prices determined by the commissioner. The underwriting discount, spread, or commission paid or allowed to the underwriters of the bonds, however, must be an amount not in excess of the amount determined by the commissioner to be reasonable in light of the risk assumed and the expense of issuance, if any, required to be paid by the underwriters.

Subd. 4. [LIMITATION.] If the commissioner creates a debt service reserve account for the security of any series of bonds, the commissioner may not issue any additional bonds which are similarly secured if the amount of any of the debt service reserve accounts at the time of issuance does not equal or exceed the minimum amount, if any, required by the resolution creating that account, unless the commissioner deposits in each account at the time of issuance, from the proceeds of the bonds or otherwise, an amount which, together with the amount then in the account, will not be less than the minimum amount required.

Subd. 5. [EXCESS MONEY.] To the extent consistent with the resolutions and indentures securing outstanding bonds, the commissioner may, at the close of any fiscal year, transfer to any other account from any debt service reserve account, any excess in that account over the amount considered by the commissioner to be reasonably necessary for the purpose of the account. Any excess must be transferred first to the security account to the extent of any prior withdrawals from the security account which have not previously been restored to the security account.

Subd. 6. [CONSTRUCTION.] Nothing in this section may be construed to limit the right of the commissioner to create and establish by resolution or indenture other accounts or security in addition to debt service reserve accounts which are necessary or desirable in connection with any bonds or programs.

Sec. 14. [116R.15] [CONSTRUCTION.]

Sections 1 to 15 are necessary for the welfare of the state of Minnesota and its inhabitants; therefore, they shall be liberally construed to effect their purpose.

Sec. 15. [116R.16] [SEVERABILITY; ACTIONS.]

Each of the provisions of sections 1 to 15, and each application thereof to particular circumstances, is severable. If any provision or application is found to be unconstitutional and void, it is the intention that the remaining provisions and applications shall be valid and enforceable to the full extent possible under section 645.20.

Sec. 16. Minnesota Statutes 1990, section 290.06, is amended by adding a subdivision to read:

Subd. 24. [CREDIT FOR JOB CREATION.] A corporation that leases and operates a heavy maintenance base for aircraft that is owned by the state of Minnesota or one of its political subdivisions, or an engine repair facility described in section 2, subdivision 6, or both, may take a credit against the tax due under this chapter. For the first taxable year when the facility has been in operation for at least three consecutive months, the credit is equal to $5,000 multiplied by the number of persons employed by the corporation on a full-time basis at the facility on the last day of the taxable year, not to exceed the number of persons employed by the corporation on a full-time basis at the facility on the date 90 days before the last day of the taxable year. For each of the succeeding four taxable years, the credit is equal to $5,000 multiplied by the number of persons employed by the corporation on a full-time basis at the facility on the last day of the taxable year, not to exceed the number of persons employed by the corporation on a full-time basis at the facility on the date 90 days before the last day of the taxable year. If the credit provided under this subdivision exceeds the tax liability of the corporation for the taxable year, the excess amount of the credit may be carried over to each of the ten taxable years succeeding the taxable year. The entire amount of the credit must be carried to the earliest taxable year to which the amount may be carried. The unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year more than ten years after the taxable year in which the credit was earned.

Sec. 17. [297A.2571] [AIRCRAFT FACILITY MATERIALS; EXEMPTIONS.]

Materials, equipment, and supplies used or consumed in constructing, or incorporated into the construction of, a heavy maintenance facility for aircraft that is to be owned by the state of Minnesota or one of its political subdivisions and leased by an

airline company, or an aircraft engine repair facility described in section 2, subdivision 6, are exempt from the taxes imposed under this chapter and from any sales and use tax imposed by a local unit of government, notwithstanding any ordinance or city charter provision. Except for equipment owned or leased by a contractor, all machinery, equipment, tools, accessories, appliances, contrivances, furniture, fixtures, and all tangible personal property of any other nature or description necessary to the construction and equipping of that facility in order to provide those services is also exempt.

Sec. 18. Minnesota Statutes 1990, section 473.608, subdivision 1, is amended to read:

Subdivision 1. The corporation, subject to the conditions and limitations prescribed by law, shall possess all the powers as a body corporate necessary and convenient to accomplish the objects and perform the duties prescribed by sections 473.601 to 473.679, including but not limited to those hereinafter specified. These powers, except as limited by section 473.622, may be exercised at any place within 35 miles of the city hall of either Minneapolis or St. Paul, and in the metropolitan area, and in the city of Duluth for the purpose of owning and leasing the facility described in section 2, subdivision 5.

Sec. 19. [CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] The city of Duluth may create a tax increment financing district, as provided in this subdivision, on property located at the Duluth international airport. Except as provided otherwise in this section, the provisions of Minnesota Statutes, sections 469.174 to 469.179, shall apply to the district. The district shall consist of parcels on which the facility described in section 2, subdivision 5, is proposed to be located. The city or any of its authorities or agencies listed in Minnesota Statutes, section 469.174, subdivision 2, may be the "authority" for purposes of Minnesota Statutes, sections 469.174 to 469.179. The authority or agency being utilized for this tax increment financing district shall be expanded by two members. The additional two members shall be appointed by the St. Louis county board for terms as designated by the county board.

Subd. 2. [CHARACTERISTICS OF THE DISTRICT.] (a) The district shall be a redevelopment district as defined in Minnesota Statutes, section 469.174, subdivision 10, except that the durational limit under Minnesota Statutes, section 469.176, subdivision 1, paragraph (e), shall be extended to 30 years.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4c, the revenue derived from tax increments from this district must be used to pay debt service on obligations issued under section

2, subdivision 4, paragraph (b), in a principal amount not to exceed $47,600,000.

(c) The provisions of Minnesota Statutes, section 273.1399, do not apply to the district.

Sec. 20. [CITY OF HIBBING; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] (a) The city of Hibbing may create a tax increment financing district, as provided in this subdivision, on property located in the city of Hibbing. Except as provided otherwise in this section, the provisions of Minnesota Statutes, sections 469.174 to 469.179, shall apply to the district. The district shall consist of parcels on which the facility described in section 2, subdivision 6, is proposed to be located and with the approval of the St. Louis county board, any other adjoining areas into which expansion of the facility or development caused by the facility may be expected to occur. The city or any of its authorities or agencies listed in Minnesota Statutes, section 469.174, subdivision 2, may be the "authority" for purposes of Minnesota Statutes, sections 469.174 to 469.179. The authority or agency being utilized for this tax increment financing district shall be expanded by two members. The additional two members shall be appointed by the St. Louis county board for terms as designated by the county board.

(b) With the consent of the governing bodies of St. Louis county and the city of Chisholm and without an election, either or both St. Louis county and the city of Chisholm may treat an obligation or any portion thereof, of the city of Hibbing issued under Minnesota Statutes, section 469.178, subdivision 2, as a general obligation of St. Louis county or the city of Chisholm, by pledging their full faith and credit and taxing power. The obligations, the pledge of St. Louis county, and the pledge of the city of Chisholm are not subject to any net debt limitation. A levy of taxes for the obligations is not subject to any levy limitations. The obligations may be sold at public or private sale.

Subd. 2. [CHARACTERISTICS OF THE DISTRICT.] (a) The district shall be a redevelopment district as defined in Minnesota Statutes, section 469.174, subdivision 10, except that the durational limit under Minnesota Statutes, section 469.176, subdivision 1, paragraph (e), shall be extended to 30 years.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4c, the revenue derived from tax increments from this district and the proceeds of obligations secured by or payable from the tax increments, after reduction for costs of issuance, reserves, and capitalized interest, must be used to pay debt service on obligations issued for the purpose provided in section 2, subdivision 6.

(c) The provisions of Minnesota Statutes, section 273.1399, do not apply to the district.

Sec. 21. [PURPOSE.]

The purpose of sections 1 to 15 is to foster long-term economic growth and job creation by financing an aircraft maintenance facility and an aircraft engine repair facility. State bonds are authorized to be issued and the proceeds of their sale are appropriated under the authority of article XI, section 5, clauses (a) and (g), of the Minnesota Constitution. In authorizing the financing of the aircraft facilities, the legislature is acting in all respects for the benefit of the people of the state of Minnesota to serve the public purpose of fostering economic development within the state.

Sec. 22. [EFFECTIVE DATE.]

Section 16 is effective for taxable years beginning after December 31, 1991."

Delete the title and insert:

"A bill for an act relating to taxation; authorizing the department of trade and economic development to issue obligations to finance construction of aircraft maintenance and repair facilities; providing tax credits for job creation; providing an exemption from sales tax for certain equipment and materials; authorizing establishment of tax increment financing districts in the cities of Duluth and Hibbing; authorizing the metropolitan airports commission to operate outside the metropolitan area; amending Minnesota Statutes 1990, sections 290.06, by adding a subdivision; and 473.608, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 297A; proposing coding for new law as Minnesota Statutes, chapter 116R."

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.

FIRST READING OF SENATE BILLS

S. F. No. 1533, A bill for an act relating to the organization and operation of state government; appropriating money for the protection of the state's environment and natural resources; amending Minnesota Statutes 1990, sections 14.18; 41A.09, subdivision 3; 85A.02, subdivision 17; 103B.321, subdivision 1; and 116P.11.

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, Battaglia moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1533 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Battaglia moved that the Rules of the House be so far suspended that S. F. No. 1533 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1533 was read for the second time.

Battaglia moved to amend S. F. No. 1533, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [ENVIRONMENT AND NATURAL RESOURCES; 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 "1991," "1992," and "1993," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1991, June 30, 1992, or June 30, 1993, respectively.

SUMMARY BY FUND

	1992	1993	TOTAL
General	$142,880,500	$140,594,500	$283,475,000
Environmental	15,584,000	17,835,000	33,419,000
Metro Landfill Contingency Trust	1,663,000	797,000	2,460,000
Special Revenue	1,040,000	1,040,000	2,080,000
Natural Resources	17,842,000	17,634,000	35,476,000
Game and Fish	49,402,000	50,564,000	99,966,000

Permanent School Trust	267,000	363,000	630,000
Minnesota Resources	16,569,000	.....	16,569,000
Environmental Trust	15,360,000	.....	15,360,000
Oil Overcharge	3,500,000	.....	3,500,000
TOTAL	264,107,500	228,827,500	492,935,000

	APPROPRIATIONS Available for the Year Ending June 30	
	1992	1993

Sec. 2. POLLUTION CONTROL AGENCY

Subdivision 1. Total Appropriation 30,790,000 30,068,000

	1992	1993
Approved Complement –	702	690
General –	206	176
Environmental –	186	204
Federal –	235	235
Metro Landfill Contingency –	2	2
Special Revenue –	73	73

Summary by Fund

General	12,818,000	10,711,000
Environmental	15,454,000	17,705,000
Metro Landfill Contingency	1,663,000	797,000
Special Revenue	855,000	855,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Water Pollution Control

6,992,000 5,508,000

	1992	1993
	$	$
Summary by Fund		
General	5,105,000	3,553,000
Environmental	1,887,000	1,955,000

$1,190,000 the first year is for grants to local units of government for the clean water partnership program. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

$100,000 the first year is for grants to municipalities who have experienced catastrophic failure of wastewater treatment facilities resulting from unstable geological formations and which required immediate action to avoid impacts to drinking water supplies.

$250,000 the first year is for a grant to the Western Lake Sanitary Sewer District for the payment of debt service.

Subd. 3. Air Pollution Control

	4,562,000	5,801,000
Summary by Fund		
General	1,699,000	940,000
Environmental	2,008,000	4,006,000
Special Revenue	855,000	855,000

Subd. 4. Groundwater and Solid Waste Pollution Control

	10,038,000	9,366,000
Summary by Fund		
General	2,124,000	2,313,000
Environmental	6,259,000	6,264,000
Metro Landfill Contingency	1,655,000	789,000

All money in the environmental response, compensation, and compliance account in the environmental fund not otherwise appropriated is appropriated

	1992	1993
	$	$

to the commissioner of finance for transfer to the pollution control agency and the commissioner of agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (4), (11), (12), and (13). This appropriation is available until June 30, 1993.

$1,000,000 the first year and $1,000,000 the second year are appropriated from the motor vehicle transfer account for transfer to the environmental response, compensation, and compliance account in the environmental fund.

The commissioner, in cooperation with the legislative commission on waste management and other affected parties shall study and submit a report to the legislative commission on waste management identifying and evaluating options for ensuring the long-term financial viability of the Minnesota environmental, response, compensation, and compliance account (superfund) by November 1, 1991. The commission shall evaluate the report and make recommendations to the chairs of the house appropriations and senate finance committees for implementation of a long-term funding strategy by February 1, 1992.

All money in the metropolitan landfill abatement account in the environmental 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.

	1992	1993
	$	$

Any unencumbered balance from the metropolitan landfill contingency action trust fund remaining in the first year does not cancel but is available for the second year.

$92,000 the first year and $127,000 the second year is for a grant to the department of administration for assistance in funding a central materials recovery facility if such a facility is constructed by the department of administration.

Subd. 5. Hazardous Waste Pollution Control

	4,993,000	5,095,000

Summary by Fund

General	1,786,000	1,782,000
Environmental	3,207,000	3,313,000

Subd. 6. Regional Support Environmental

	52,000	52,000

The commissioner shall prepare a study on regionalization for presentation to the chairs of the house and senate committees on governmental operations, the house appropriations committee and the senate finance committee by January 1, 1992. The study shall identify options and costs associated with relocating specific agency functions to locations other than the agency's central office. The report shall identify the specific functions that would be relocated, the rationale used for selecting these specific functions for relocation, the geographic areas of the state that would receive these functions, the numbers of personnel involved in the relocation, the impact on service to the public of the proposed relocations, an implementation strategy for the proposed plan and the costs associated with the regionalization of

	1992	1993
	$	$

these functions in comparison to the savings, if any, accrued from the relocation.

Subd. 7. General Support 5,250,000 5,343,000

Summary by Fund

General	2,104,000	2,123,000
Environmental	2,041,000	2,115,000
Metro Landfill Contingency	8,000	8,000

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.

Sec. 3. OFFICE OF WASTE MANAGEMENT 20,533,000 20,525,000

	1992	1993
Approved Complement –	54	54
General –	47	47
Bond Proceeds –	3	3
Environmental –	3	3
Federal –	1	1

Summary by Fund

General	19,686,000	19,678,000
Environmental	847,000	847,000

$14,008,000 the first year and $14,008,000 the second year are for SCORE block grants to counties.

The director, in cooperation with the pollution control agency and the legis-

	1992	1993
	$	$

lative commission on waste management shall study mechanisms for assessing the costs of waste disposal to the source of particular types of waste based on the impact that the particular waste has on the waste stream and the environment. The study should develop recommendations for a fee structure and identify the costs associated with implementing a fee structure for disposal based on the type of waste being disposed. A report shall be submitted to the legislative commission on waste management for consideration by January 1992.

Sec. 4. ZOOLOGICAL BOARD 8,971,000 8,826,000

	1992	1993
Approved Complement –	159	159
General –	141	141
Special Revenue –	15	15
Gift –	3	3

$125,000 in the first year is for major maintenance. In addition, any revenue received from the proposed bird amphitheater admissions sales during the second year of the biennium beyond the first $400,000 in revenue from this particular revenue source is available for use by the board for major maintenance until expended.

The board shall adopt a system for charging nonresident visitors parking fees on days when the zoo is open to the public without an admission fee.

Sec. 5. NATURAL RESOURCES

Subdivision 1. Total Appropriation 145,191,000 146,284,000.

	1992	1993
Agency Approved - Full-Time Equivalency	2,736	2,741

	1992	1993
	$	$
Summary by Fund		
General	77,680,000	77,723,000
Game and Fish	49,402,000	50,564,000
Natural Resources	17,842,000	17,634,000
Permanent School	267,000	363,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Of the total amount appropriated to the commissioner by this act, no more than $98,200,000 the first year and $97,800,000 the second year may be used for salary related expenses unless adjusted in accordance with the provisions of Minnesota Statutes, section 16A.123, subdivision 5.

Subd. 2. Mineral Resources Management

5,295,000 5,272,000

(a) Mineral Resources

4,852,000 4,829,000

$325,000 the first year and $325,000 the second year are for iron ore cooperative 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.

$844,000 the first year and $826,000 the second year are for mineral diversification. Any unencumbered balance remaining in the first year does not cancel but is available for the second year. The commissioner is authorized one complement position in the unclassified service from the mineral lease account.

	1992	1993
	$	$
(b) Mineland Reclamation	443,000	443,000
Subd. 3. Water Resources Management	8,356,000	7,965,000
Summary by Fund		
General	8,259,000	7,866,000
Natural Resources	97,000	99,000

$1,107,000 the first year and $1,106,000 the second year are available for shoreland management grants to include $125,000 each year of the biennium for a grant to the North Shore Management Board. Pursuant to existing law and department rules, the metropolitan area shall be considered in distribution of these funds. The unencumbered balance at the end of the first year does not cancel and is available for the second year.

$75,000 the first year and $75,000 the second year is to conduct the stream maintenance program under Minnesota Statutes, section 103G.701. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

$70,000 the first year is available for flood damage reduction grants to the Gilmore Creek and United States Corps of Engineers contract for hydraulic modeling in the Red River Valley.

$10,000 the first year is available for stream stabilization on the Snake River.

$300,000 of this appropriation in the first year is from the general fund for a loan to the city of Fridley for the purpose of reconstructing the Locke Lake

	1992	1993
	$	$

dam pursuant to Minnesota Statutes, section 103G.511, subdivision 10. Notwithstanding Minnesota Statutes, section 103G.511, subdivision 10, clause (e), principal and interest payments received by the commissioner of finance in repayment of the loan shall be deposited in the general fund.

Subd. 4. Forest Management

23,130,000 23,286,000

$750,000 the first year and $750,000 the second year are for emergency fire fighting. Of this amount, $500,000 the first year and $550,000 the second year are for presuppression costs of 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. If these appropriations are insufficient to cover all costs of suppression, the amount necessary to pay for emergency firefighting expenses during the biennium is appropriated from the general fund.

$343,000 the first year and $343,000 the second year are for grants to the University of Minnesota College of Natural Resources for hybrid aspen and hybrid larch research and development at the North Central Experiment Station at Grand Rapids.

$80,000 the first year and $80,000 the second year from the general fund under Minnesota Statutes, section 89.04, are for grants to the board of water and soil resources for cost-sharing with landowners in the state forest improvement program.

Subd. 5. Parks and Recreation Management

18,926,000 19,278,000

	1992	1993
	$	$
Summary by Fund		
General	18,342,000	18,689,000
Natural Resources	584,000	589,000

$584,000 the first year and $589,000 the second year are from the water recreation account in the natural resources fund for state park development projects. If the appropriation in either year is insufficient, the appropriation for the other year is available for it.

The commissioner shall operate pumping facilities at Hill Annex Mine state park sufficient to maintain a water level not to exceed the height of the area known as "pocket A" for the duration of the biennium to assess the pumping and operational costs associated with maintaining this water level. The commissioner shall report the projected pumping and operational costs of maintaining this level to the legislature no later than January 1, 1993.

$60,000 and three full-time equivalent positions the first year and $60,000 and three full-time equivalent positions the second year are for an increase in the state park planning effort.

Subd. 6. Trails and Waterways

	10,993,000	11,095,000
Summary by Fund		
General	1,229,000	1,227,000
Game and Fish	750,000	770,000
Natural Resources	9,014,000	9,098,000

$2,248,000 the first year and $2,248,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for snowmobile grants-in-aid.

$250,000 the first year and $250,000 the second year are from the water

	1992	1993
	$	$

recreation account in the natural resources fund for a safe harbor program on Lake Superior. Any unencumbered balance at the end of the first year does not cancel and is available for the second year.

The commissioner shall submit recommendations to the legislature before January 1, 1992, concerning the snowmobile account, its continuing viability, and the grants made to local governments from the snowmobile account for grants-in-aid trail operations and maintenance equipment. The recommendations should address, at a minimum, ways to ensure funding for trail-grooming equipment and the appropriateness of the present formula dedicating a share of the unrefunded gas tax to the snowmobile account.

Subd. 7. Fish and Wildlife Management

	35,706,000	36,614,000

Summary by Fund

General	2,740,000	2,733,000
Game and Fish	31,061,000	31,728,000
Natural Resources	1,905,000	2,153,000

$847,000 in the first year and $847,000 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.

$1,467,000 the first year and $1,704,000 the second year are from the nongame wildlife management account in the natural resources 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.

$130,000 the first year and $130,000 the second year are for deer and bear

	1992	1993
	$	$

management to include emergency deer feeding. If the appropriation for either year is insufficient, the appropriation for the other year is available.

$250,000 and three full-time equivalent positions each year is from the game and fish fund for an accelerated deer habitat improvement program and shall not be considered as part of the budget base for the 1994-1995 biennium.

The commissioner, in cooperation with the commissioner of agriculture shall study and make recommendations to the legislature by January 1, 1993, for a program for providing assistance to farmers for crop damage caused by wild animals.

$75,000 the first year is from the game and fish fund for construction of barrier reefs on Lake of the Woods for fish habitat improvement.

$100,000 each year is appropriated from the game and fish fund for expansion of the aquatic education program in the seven-county metropolitan area.

$1,651,000 the first year and $1,644,000 the second year are for the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands, established under Minnesota Statutes, section 84.95, subdivision 2. Any unencumbered balance for the first year does not cancel but is available for use the second year.

Notwithstanding any other law to the contrary, the commissioner shall not use public funds to construct a shooting range at the Carlos Avery Game Farm.

Subd. 8. Enforcement

14,159,000	14,426,000

	1992	1993
	$	$

Summary by Fund

General	2,226,000	2,220,000
Game and Fish	9,366,000	9,610,000
Natural Resources	2,567,000	2,596,000

$1,125,000 the first year and $1,125,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety.

$125,000 the first year and $125,000 the second year is from the game and fish fund to assist in filling the six existing vacant field officer positions. The balance of funds necessary to fill these vacancies and to maintain a full complement of field officers during the biennium shall be derived from savings generated by reducing the number of supervisory positions within the division.

The commissioner shall evaluate the number of metropolitan conservation officer stations in relation to the population and need in the metropolitan area and make recommendations to the legislature for appropriate readjustment of assignments by January 1, 1992.

Subd. 9. Field Operations Support

	11,170,000	10,761,000

Summary by Fund

General	5,347,000	5,338,000
Game and Fish	4,511,000	4,636,000
Natural Resources	1,045,000	424,000
Permanent School	267,000	363,000

$498,000 the first year and $594,000 the second year are for land sale costs under Minnesota Statutes, section 92.67, subdivision 3. Any unencumbered balance remaining in the first

	1992	1993
	$	$

year does not cancel and is available for the second year.

Any unencumbered balance remaining in the appropriation under Minnesota Statutes, section 92.46, subdivision 1, paragraph (d), in the first year does not cancel and is available for the second year.

$630,000 the first year is from the land acquisition account in the natural resources fund and is for acquisition costs associated with Tettegouche state park and Glendalough state park. Any funds for Glendalough state park acquisition are dependent upon passage of law establishing the statutory boundaries of the proposed park. Any unencumbered balance from this appropriation at the end of the first year does not cancel and is available for the second year.

Subd. 10. Regional Operations Support

	5,121,000	5,136,000

Summary by Fund

General	3,984,000	3,969,000
Game and Fish	888,000	913,000
Natural Resources	249,000	254,000

Subd. 11. Special Services and Programs

	5,853,000	5,881,000

Summary by Fund

General	4,558,000	4,559,000
Game and Fish	482,000	494,000
Natural Resources	813,000	828,000

$103,000 the first year and $103,000 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

	1992	1993
	$	$

Mississippi within areas under its jurisdiction.

$17,000 the first year and $17,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement their portion of the comprehensive plan for the upper Mississippi.

Notwithstanding any other law to the contrary, any reductions in the department of natural resources' agency operating budget or reductions in agency program efforts prompted by specific legislative action or economic conditions during the biennium shall not be applied against the budget for the Minnesota Conservation Corps. Should the need arise, the commissioner shall reallocate resources within the department to ensure that the corps is maintained at no less than the same level of effort as accomplished during the 1990-1991 biennium.

The commissioner of the department of natural resources shall have the authority to contract with and make grants to nonprofit agencies to carry out the purposes, plans, and programs of the office of youth programs, Minnesota conservation corps.

Subd. 12. Administrative Management Services

	6,482,000	6,570,000
Summary by Fund		
General	2,570,000	2,564,000
Game and Fish	2,344,000	2,413,000
Natural Resources	1,568,000	1,593,000

Notwithstanding any other law to the contrary, the commissioner, in cooperation with the commissioner of employee

	1992	1993
	$	$
relations shall reassign the critical incident stress debriefing unit to the department of employee relations.		
Sec. 6. BOARD OF WATER AND SOIL RESOURCES	8,076,000	8,020,000

	1992	1993
Approved Complement –	37	37
General –	34	34
Federal –	2	2
Bond –	1	1

$10,000 the first year and $10,000 the second year are for the International Water Coalition.

$849,000 the first year and $849,000 the second year are for general purpose grants to soil and water conservation districts, including conservation tillage and review and comment on water permits. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts.

$189,000 the first year and $189,000 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.

$1,461,000 the first year and $1,461,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management.

$159,000 the first year and $159,000 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

	1992	1993
	$	$

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.

$2,435,000 the first year and $2,535,000 the second year are for comprehensive local water planning.

$902,000 the first year and $902,000 the second year are for technical services and implementation of the conservation reserve program. Of this appropriation, $750,000 the first year and $750,000 the second year must be distributed to soil and water conservation districts.

$200,000 the first year is for a pilot project for a statewide abandoned well inventory. The board shall select counties for inclusion in this pilot that are representative of geographic, hydrological, geologic, and demographic areas of the state. The pilot will include an effort to identify the locations of abandoned wells in the selected counties and an analysis of the costs and an evaluation of the need for a statewide inventory of abandoned wells. The board shall submit a report to the legislature with *its findings and recommendations* by December 1, 1992. Any unencumbered balance at the end of the first year does not cancel and is available for the second year.

Any unencumbered balance in the board's program of grants to soil and water conservation districts and counties does not cancel at the end of the first year and is available for the second year for the same grant program.

	1992	1993
	$	$

Sec. 7. AGRICULTURE

Subdivision 1. Total Appropriation $12,452,000 $12,444,000

	1992	1993
Approved Complement –	537	537
General –	218	218
Environmental –	2	2
Special/Revolving –	293	293
Federal –	24	24

Summary by Fund

General	12,137,000	12,129,000
Environmental	130,000	130,000
Special Revenue	185,000	185,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Protection Service

5,264,000 5,254,000

Summary by Fund

General	5,134,000	5,124,000
Environmental	130,000	130,000

$130,000 the first year and $130,000 the second year are from the environmental response, compensation, and compliance account in the environmental fund.

Subd. 3. Promotion and Marketing

753,000 750,000

$75,000 the first year and $75,000 the second year are for transfer to the Minnesota grown matching account which may be used as grants for Minnesota grown promotion.

Subd. 4. Family Farm Services

1,148,000 1,148,000

	1992	1993
	$	$

$629,000 the first year and $629,000 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. During the biennium, such sums that are not needed for interest payment adjustments are available for farm crisis assistance. No new loans may be approved in fiscal year 1992 or 1993.

$100,000 the first year and $100,000 the second year are for farm crisis assistance under the family farm advocacy program. The commissioner shall target these funds to areas of the state with the greatest amount of farm stress.

$180,000 the first year and $180,000 the second year are for agriculture information centers and is only available on a dollar for dollar nonstate match. The funds may be released at the rate of one dollar for each dollar of matching nonstate money that is raised. The commissioner may credit in-kind contributions from nonstate sources for up to one-half of the required nonstate match. This appropriation shall be used to target the areas of the state with the greatest amount of farm stress and shall not be a part of the 1994-1995 biennial budget base.

Subd. 5. Administrative Support and Grants

	5,287,000	5,292,000

Summary by Fund

General	5,102,000	5,107,000
Special Revenue	185,000	185,000

$185,000 the first year and $185,000 the second year are from the commodities research and promotion account in the special revenue fund.

	1992	1993
	$	$
$50,000 the first year and $50,000 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.		
$10,000 the first year is for payment of claims relating to agricultural crops damaged by elk and is available until June 30, 1993.		
$79,000 the first year and $79,000 the second year are for the seaway port authority of Duluth.		
$19,000 the first year and $19,000 the second year is for a grant to the Minnesota livestock breeder's association.		
In the event that supplemental grant funding is made available to the commissioner for farm and small business management programs through the technical college system, the commissioner is authorized to make a supplemental grant or grants to the board of technical colleges for the instructional materials, instructional staff, support staff, and tuition assistance costs associated with this program not to exceed the amount of supplemental funding made available. Any supplemental grants that may be made to this program shall not be considered as part of the 1994-1995 budget base for the technical college system or the department of agriculture.		
Sec. 8. BOARD OF ANIMAL HEALTH	2,085,000	2,080,000
Approved Complement – 37 35		
General – 36 34		
Federal – 1 1		

	1992	1993
	$	$
This appropriation includes $25,000 the first year and $25,000 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.		
$150,000 the first year and $150,000 the second year are for an integrated pseudorabies control and research program. The board of animal health must consult with the pseudorabies advisory council about how this money should be spent. The appropriation is available only as matched, dollar for dollar, by money from nonstate sources.		
Sec. 9. MINNESOTA-WISCONSIN BOUNDARY AREA COMMISSION	110,000	110,000
Sec. 10. CITIZENS COUNCIL ON VOYAGEUR'S NATIONAL PARK	80,000	80,000
Sec. 11. SCIENCE MUSEUM OF MINNESOTA	1,138,000	1,138,000
Upon completion of its national tour, the Science Museum of Minnesota shall donate free of charge the "Wolves and Humans" exhibit to the International Wolf Center for permanent housing. In the event that the construction necessary to display the exhibit at the International Wolf Center is not completed at the time that the tour concludes, the Science Museum of Minnesota shall provide exhibit space until the International Wolf Center is prepared to display the exhibit.		
Sec. 12. MINNESOTA ACADEMY OF SCIENCE	28,000	28,000
Sec. 13. MINNESOTA HORTICULTURAL SOCIETY	71,500	71,500
$3,500 the first year and $3,500 the second year are to increase the amount of color used in printing the Minnesota Horticulturist.		

	1992	1993
	$	$
Sec. 14. MINNESOTA RESOURCES		
Subdivision 1. Total Appropriation	35,429,000	
Summary by Fund		
Minnesota Future Resources Fund	16,569,000	
Minnesota Environment and Natural Resources Trust Fund	15,360,000	
Oil Overcharge Money in the Special Revenue Fund	3,500,000	

The appropriations in this section are from the Minnesota future resources fund, unless another fund is named.

The appropriations in this section are available until June 30, 1993.

Subd. 2. Legislative Commission on Minnesota Resources	850,000	

For the biennium ending June 30, 1993, the commission shall monitor the programs in this section; assess the status of the state's natural resources; convene a state resource congress; establish priorities for, request, review, and recommend programs for the 1993-1995 biennium from the Minnesota future resources fund, Minnesota environment and natural resources trust fund, and oil overcharge money, and for support of the Citizen Advisory Committee activities. $400,000 of this appropriation is from the Minnesota environment and national resources trust fund.

Subd. 3. Recreation		
(a) Off-highway Vehicle Recreation Area	75,000	

This appropriation is to the commissioner of natural resources to conduct a study in cooperation with the Minnesota 4-WD Association on the feasibil-

	1992	1993
	$	$
ity of an off-highway vehicle recreation area.		
(b) Superior Hiking Trail	400,000	
This appropriation is to the commissioner of natural resources for planning and administrative assistance and a grant to the Superior Hiking Trail Association for planning, development, and limited use of easement acquisition. The use of conservation corps resources is strongly encouraged. Up to $80,000 is available to the commissioner for planning and administrative assistance. Available federal and private money is appropriated.		
(c) Rails-to-Trails Acquisition and Development	1,000,000	
This appropriation is to the commissioner of natural resources for acquisition and development of trails in accordance with established priorities.		
(d) Local Rivers Planning	400,000	
This appropriation is to the commissioner of natural resources for grants of up to two-thirds of the cost to counties, or groups of counties acting pursuant to joint powers agreement, to develop comprehensive plans for the management and protection of up to eight rivers in northern and central Minnesota. The commissioner of natural resources shall include in the work plan for review and approval by the legislative commission on Minnesota resources a proposed list of rivers and a planning process developed by consensus of the affected counties. All plans must meet or exceed the requirements of state shoreland and floodplain laws.		
(e) Access to Lakes and Rivers	1,000,000	

	1992	1993
	$	$

This appropriation is to the commissioner of natural resources to provide boat access to major recreation lakes and rivers and to construct fishing piers in accordance with established priorities, inventory, map, and construct shore access sites in the metropolitan area.

(f) Land and Water Resource Management, Lower St. Croix Riverway 360,000

This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources for a grant to the Minnesota-Wisconsin Boundary Area Commission to develop a management strategy, improved technical capability, and sustained local government and landowner stewardship on the jointly managed lower St. Croix.

(g) Mississippi River Valley Blufflands Initiative 150,000

This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to assist local units of government to develop the tools necessary to protect the outstanding scenic and biological resources of the blufflands of the Mississippi Valley in Goodhue, Wabasha, Winona, and Houston counties.

(h) Reclamation of Recreation Systems and Environmental Resources 200,000

This appropriation is to the University of Minnesota, College of Architecture and Landscape Architecture, to investigate urban design strategies for enhancing recreational amenities in suburban areas. The investigation shall be done in cooperation with the metropolitan council. The legislative commission on Minnesota resources

	1992	1993
	$	$
may convene a steering committee to ensure coordination and practical results.		
(i) Preservation of Historic Shipwrecks, Lake Superior	100,000	
$80,000 is to the Minnesota historical society to investigate the historic significance of shipwrecks on the North Shore of Lake Superior in accordance with priorities for placement on the National Register of Historic Places; to develop preservation plans to implement the federal Abandoned Shipwrecks Act; and to conduct a survey of the underwater resources in the vicinity of Split Rock Lighthouse.		
$20,000 is to the commissioner of natural resources to develop facilities at Split Rock Lighthouse State Park for diver access.		
(j) Grand Portage State Park Development	635,000	
This appropriation is to the commissioner of natural resources for initial development of Grand Portage State Park.		
(k) Land and Water Conservation Fund Administration	84,000	
This appropriation is to the commissioner of natural resources for administration of the federal land and water conservation program and other grant administration activities assigned to the commissioner in this section.		
(l) Historic Records Database – Final Phase	180,000	
This appropriation is to the Minnesota historical society to automate and make widely accessible the society's collections.		

	1992	1993
	$	$
(m) Fur Trade Research and Planning	250,000	

This appropriation is to the Minnesota historical society to plan and design the visitor center at the Northwest Company Fur Post Historic Site, and for site improvements at that site. No more than $100,000 may be spent for site improvements.

(n) Mystery Cave Resource Evaluation 150,000

This appropriation is to the commissioner of natural resources to perform a resource inventory and study of Mystery Cave to include groundwater, cave meteorology, geology, and biology as part of the park plan.

(o) North Shore Harbor Plan Implementation

Any unencumbered balance from the appropriation in Laws 1989, chapter 335, article 1, section 29, subdivision 3, paragraph (o), does not cancel on June 30, 1991, and is available until June 30, 1993.

If the match requirements in Laws 1989, chapter 335, article 1, section 29, subdivision 3, paragraph (o), are met on or before June 30, 1991, this appropriation shall be available to the commissioner of natural resources for a grant to the city of Duluth for a breakwater.

If the match requirement is not met on or before June 30, 1991, this appropriation is to the commissioner of natural resources for a grant to the North Shore Management Board to begin implementation of the North Shore Harbor study funded in Laws 1989, chapter 335, article 1, section 29, subdivision 3, paragraph (n).

	1992	1993
	$	$
Subd. 4. Water		
(a) Stream and Watershed Information System	200,000	

This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of state planning to develop an integrated system of information relating to streams, watersheds, and retrieval and analysis tools.

(b) South Central Minnesota Surface Water Resource Atlases and Data Base	300,000	

This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources for a grant to Mankato State University for development of surface hydrology atlases and data base in both hard and electronic format for the 13 counties of south central Minnesota.

(c) Minnesota River Basin Water Quality Monitoring	700,000	

This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of the pollution control agency. This is the final two years of a multiagency four-year effort to identify the sources of nonpoint pollution threatening the water quality and uses of the Minnesota River. The results will be used to direct state and local implementation programs. Federal matching money is appropriated.

(d) Waterwatch – Citizen Monitoring and Protection Program	272,000	

This appropriation is to the commissioner of the pollution control agency to encourage and coordinate citizen and student volunteer monitoring of water

	1992	1993
	$	$
quality and biological indicators for Minnesota's lakes and streams.		
(e) Bioremedial Technology for Groundwater	96,000	
This appropriation is to the University of Minnesota, Department of Civil and Mineral Engineering, for a pilot demonstration of technology for in situ biodegradation of organic pollutants in groundwater.		
(f) County Geologic Atlas and Groundwater Sensitivity Mapping	1,400,000	
$800,000 is from the Minnesota environment and natural resources trust fund to the University of Minnesota, Minnesota Geologic Survey, to expand production of county geologic atlases and create a new atlas services office.		
$600,000 is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources for groundwater sensitivity mapping.		
(g) Aquifer Analyses in southeast Minnesota	73,000	
This appropriation is to the commissioner of natural resources for a grant to Winona State University to perform aquifer tests in southeast Minnesota in order to determine aquifer characteristics, surface-subsurface groundwater interaction, and aquifer interaction.		
(h) Clean Water Partnership Grants to Local Units of Government	700,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of the pollution control agency for Clean Water Partnership grants under Minnesota Statutes, section 115.096.		

	1992	1993
	$	$
In addition to the required work program, grants may not be approved until grant proposals have been submitted to the legislative commission on Minnesota resources and the commission has either made a recommendation or allowed 30 days to pass without making a recommendation.		
(i) Cannon River Watershed Grants	60,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the board of water and soil resources to provide research and demonstration grants to counties consistent with the comprehensive local water management program under Minnesota Statutes, chapter 110B, as part of the Cannon River watershed protection program.		
(j) Mitigating Mercury in Northeast Minnesota Lakes	300,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of the pollution control agency to investigate how to mitigate the damage caused by the presence of mercury in northeast Minnesota lakes.		
(k) Development and Application of Aeration Technologies	148,000	
This appropriation is to the University of Minnesota, St. Anthony Falls Hydraulic Laboratory, to study how to optimize membrane aeration and the hydraulic design of bypass type aerator systems.		
(l) Lake Superior Initiative – Institute for Research	400,000	
This appropriation is to the University of Minnesota, Graduate School, to establish an institute for Lake Superior		

	1992	1993
	$	$
Research that would develop a strong multifaceted research effort.		
(m) Lake Mille Lacs Public Land Use Plan	20,000	
This appropriation is to the commissioner of natural resources to plan for shoreline management of publicly-owned lands around Lake Mille Lacs.		
(n) Ecological Evaluation of Year-Round Aeration	100,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to collect baseline data on aerated and nonaerated lakes and determine ecological impacts of aeration.		
Subd. 5. Education		
(a) Environmental Education Program	790,000	
$400,000 is from the Minnesota environment and natural resources trust fund to the commissioner of education to develop and implement model K-12 environmental education curriculum integration. This program will incorporate ongoing models of other deliverers of environmental education.		
$30,000 is from the Minnesota environment and natural resources trust fund to the commissioner of education for a grant to the Minnesota Community Education Association to incorporate environmental education into the community education system.		
$60,000 is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to complete a long-term plan for the development and coordination of environmental learning centers.		

	1992	1993
	$	$
$85,000 is from the Minnesota environment and natural resources trust fund to the commissioner of state planning for a grant to the Audubon Center of the Northwoods for an assessment of environmental learning center programs and services.		
$215,000 is from the Minnesota environment and natural resources trust fund to the commissioner of state planning to develop a statewide environmental education plan. The statewide plan will integrate the plans, strategies, and policies of the department of education, post-secondary institutions, the department of natural resources, and other deliverers of environmental education.		
(b) Teacher Training for Environmental Education	5,000	
This appropriation is to the commissioner of education for a grant to the St. Paul Chapter of the National Audubon Society for scholarships for the training of teachers in environmental education integration.		
(c) Video Education Research and Demonstration Project	100,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of education for a grant to Twin Cities Public Television to develop a video education demonstration project and a model for a statewide video environmental education communication network.		
(d) Integrated Resource Management Education and Training Program	300,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner		

	1992	1993
	$	$

of natural resources to provide training and internship programs in natural resource management.

(e) Continuing Education in Outdoor Recreation for Natural Resource Managers 125,000

This appropriation is to the University of Minnesota, Department of Forest Resources, to develop and implement an outdoor recreation short course for natural resource planners and managers with outdoor recreation responsibilities.

(f) Environmental Exhibits Collaborative 400,000

This appropriation is from the Minnesota environment and natural resources trust fund to the Science Museum of Minnesota to establish a statewide collaborative to share and create traveling water-related exhibits and programs for schools and family groups at different sites.

(g) Upper Mississippi River Environmental Education Center 600,000

This appropriation is to the commissioner of natural resources for a grant to the city of Winona to develop detailed architectural designs necessary to obtain federal construction funding for an Upper Mississippi River Environmental Education Center. This appropriation is contingent upon federal commitment of at least $6,000,000 for construction and for future operation and maintenance.

(h) Urban Rangers Program 100,000

This appropriation is to the commissioner of education for a grant to the Minneapolis Park and Recreation Board to develop an urban environ-

	1992	1993
	$	$

mental curriculum for elementary students and families conducted at 44 city recreation centers.

(i) Crosby Farm Park Nature Program 85,000

This appropriation is to the commissioner of education for a grant to the city of St. Paul to institute a nature study program at Crosby Farm Park to introduce inner city residents and minorities to learning opportunities concerning natural resources and how to conserve and protect those resources.

(j) Youth in Natural Resources 250,000

This appropriation is to the commissioner of natural resources to develop a career exploration program for minority youths and to test their vocational interests, skills, and aptitudes.

(k) Environmental Education for Handicapped 130,000

This appropriation is to the commissioner of education for a grant to Vinland National Center to develop a program model in environmental education, including education of persons with disabilities, and to teach the model to educators, environmentalists, and the disability community.

Subd. 6. Agriculture

(a) Biological Control of Pests 650,000

This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of agriculture to collect and identify potential biological control agents, and to develop and test biological control agents for a variety of pests. A grant request to supplement this appropriation must be submitted to the U.S. Department of Agriculture and the re-

	1992	1993
	$	$

sults reported to the legislative commission on Minnesota resources.

(b) Review Levels of Pesticides at Spill Sites 300,000

This appropriation is to the commissioner of agriculture for a literature search and publication of remediation technologies for pesticide spills, laboratory research on the fate of elevated levels of pesticides in soil, and evaluation of bioremediation techniques.

(c) Effective Nitrogen and Water Management for Sensitive Areas 300,000

This appropriation is to the commissioner of agriculture to provide an integrated research information base on risks of groundwater pollution involved in nitrogen and water management for crop production.

(d) Conservation Reserve Easements 1,000,000

This appropriation is from the Minnesota environment and natural resources trust fund to the board of water and soil resources to acquire perpetual easements under Minnesota Statutes, section 40.43, subdivision 3, with priority for wetland areas, to enhance wildlife habitat, control erosion, and improve water quality.

(e) Native Grass and Wildflower Seed 130,000

This appropriation is to the commissioner of agriculture in cooperation with the commissioner of natural resources to develop the varietal, cultural, and market information necessary to encourage expanded commercial production of Minnesota origin native wildflower and grass seed.

(f) Community Gardening Program 110,000

	1992	1993
	$	$
This appropriation is to the University of Minnesota, Minnesota Extension Service, in cooperation with the Minnesota State Horticultural Society and the Self Reliance Center to provide gardening information and technical assistance in metropolitan and non-metropolitan areas.		
Subd. 7. Forestry		
(a) Minnesota Old-Growth Forests – Character and Identification	150,000	
This appropriation is to the commissioner of natural resources to develop quantitative, structural definitions of Minnesota old-growth forest types, examine the importance of old growth as sensitive habitat, and evaluate old-growth forest stands that are identified as the department of natural resources old-growth guidelines are implemented.		
(b) Nutrient Cycling and Tree Species Suitability	220,000	
This appropriation is to the University of Minnesota, Department of Forest Resources, to assess the role of nutrient cycling and associated management practices for sustainability of Minnesota's forest resources under scenarios of increased harvesting and atmospheric change.		
(c) State Forest Land Acquisition	500,000	
This appropriation is to the commissioner of natural resources to acquire lands in the highest priority purchase compartments in the R. J. Dorer Memorial Hardwood State Forest.		
(d) Regeneration and Management of Minnesota's Oak Forests	225,000	

	1992	1993
	$	$
This appropriation is to the University of Minnesota, Minnesota Extension Service, for research and education in oak regeneration and management.		
(e) Private Forest Management for Oak Regeneration	200,000	
This appropriation is to the commissioner of natural resources to increase technical assistance to private forest landowners in southern Minnesota for oak regeneration.		
(f) Aspen Hybrids and New Tissue Culture Techniques	70,000	
This appropriation is to the University of Minnesota, Department of Forest Resources, to research tissue cultured aspen and hybrid aspen clones.		
(g) Aspen Decay Models for Mature Aspen Stands	85,000	
This appropriation is to the commissioner of natural resources to contract with Koochiching county and the University of Minnesota, College of Natural Resources, to develop models for aspen decay in mature aspen stands.		
Subd. 8. Fisheries		
(a) Pilot Fish Pond Complex – Fisheries Development and Education	250,000	
This appropriation is to the commissioner of natural resources for a grant to the Leech Lake Band of Chippewa Indians to develop fish ponds for production of sportfish and baitfish.		
(b) Aquaculture Facility Purchase and Development and Genetic Gamefish Growth Studies	1,200,000	
This appropriation is to the University of Minnesota, College of Natural Re-		

	1992	1993
	$	$

sources, to acquire and develop an aquaculture facility and to continue research on genetically engineered gamefish.

(c) Cooperative Urban Aquatic Education Program 340,000

This appropriation is to the commissioner of natural resources to expand urban fishing opportunities and awareness.

(d) Catch and Release Program 35,000

This appropriation is to the commissioner of natural resources to accelerate the catch and release portion of the CORE program for matching grants to local anglers clubs for promotion of catch and release statewide. The work must be done in cooperation with the Minnesota Sportfishing Congress and other interested groups.

(e) Metropolitan Lakes Fishing Opportunities 75,000

This appropriation is to the commissioner of natural resources to study metropolitan area lakes to determine if recreational fishing opportunities are being maximized. The study must be done in cooperation with the Minnesota Sportfishing Congress and other interested groups.

(f) Lake Minnetonka Bass Tracking 85,000

This appropriation is to the commissioner of natural resources to study the impacts of bass fishing contests. The study must be done in cooperation with the Minnesota Sportfishing Congress and other interested groups.

(g) Stocking Survey 35,000

This appropriation is to the commissioner of natural resources to survey

	1992	1993
	$	$
organizations to determine the level of interest in public and private fish stocking activities. The survey must be done in cooperation with the Minnesota Sportfishing Congress and other interested groups.		
Subd. 9. Wildlife		
(a) Insecticide Impact on Wetland and Upland Wildlife	650,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to research the effect of insecticides on wetland and upland wildlife and habitats.		
(b) Biological Control of Eurasian Water Milfoil	100,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to continue a cooperative research program between the department of natural resources, Freshwater Foundation, and the University of Minnesota leading to biological control of Eurasian water milfoil. This appropriation must be matched by $200,000 from the Freshwater Foundation.		
(c) Microbial and Genetic Strategies for Mosquito Control	150,000	
This appropriation is to the University of Minnesota, Department of Entomology, to enhance mosquito control by development of microbial agents that are environmentally safe and specific for mosquitoes.		
(d) Minnesota County Biological Survey	1,000,000	

	1992	1993
	$	$
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to continue the biological survey in Minnesota counties previously funded by Laws 1989, chapter 335, article 1, section 29, subdivision 3, item (t).		
(e) Data Base for Plants of Minnesota	130,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the University of Minnesota to computerize the data base for Minnesota plants, including precise information on the distribution, ecology, history, and management of each species.		
(f) Aquatic Invertebrate Assessment Archive	130,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of the pollution control agency, in cooperation with the Science Museum of Minnesota, to continue work on a record system for aquatic invertebrates and assign pollution tolerance values and to develop an information system for the zebra mussel.		
(g) Wetlands Forum	40,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to improve communication and information exchange regarding wetlands in the metropolitan area. This appropriation must be matched by $40,000 from the Freshwater Foundation.		
(h) Easement Acquisition on Restored Wetlands	400,000	
This appropriation is from the Minnesota environment and natural re-		

	1992	1993
	$	$

sources trust fund to the board of water and soil resources for a pilot program to acquire permanent conservation easements on federally restored or enhanced wetlands and adjacent lands in cooperation with the United States Fish and Wildlife Service and the Izaak Walton League.

(i) Swan and Heron Lake Area Projects 1,000,000

This appropriation is to the commissioner of natural resources. First priority is for acquisition that qualifies for federal match. Second priority is for land management activities. Federal and other matching money is appropriated. Any full-time equivalent positions associated with this appropriation are for land acquisition work.

(j) Wildlife Oriented Recreation Facilities at Sandstone Unit National Wildlife Refuge 9,000

This appropriation is to the commissioner of natural resources to contract with Rice Lake National Wildlife Refuge for recreation facility development and access at the Sandstone Unit of Rice Lake National Wildlife Refuge.

(k) Reinvest in Minnesota Critical Habitat Match 1,000,000

This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources for transfer to the critical habitat private sector matching account under Minnesota Statutes, section 84.943.

(l) Acquisition and Development of Scientific and Natural Areas 300,000

This appropriation is to the commissioner of natural resources to acquire

	1992	1993
	$	$
and develop scientific and natural area sites consistent with the state scientific and natural areas plan.		
(m) Black Bear Research in East Central Minnesota	100,000	
This appropriation is to the University of Minnesota, Bell Museum of Natural History, to develop landscape ecology concepts and better understand the problem of bear damage to crops.		
(n) Partnership for Accelerated Wild Turkey Management	50,000	
This appropriation is to the commissioner of natural resources to increase wild turkey stocking. This appropriation must be matched by $50,000 from the National Wild Turkey Federation.		
(o) Restore Thomas Sadler Roberts Bird Sanctuary	50,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources for a grant to the Minneapolis Park and Recreation Board to restore and improve public access to the Thomas Sadler Roberts Bird Sanctuary. This appropriation must be matched by $50,000 of local money.		
(p) Changes in Ecosystem on Biodiversity of Forest Birds	300,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to monitor forest songbird populations and to develop geographic information system tools to correlate forest bird populations with dynamics of the forest landscape. This appropriation must be matched by $200,000 from a combination of non-		

	1992	1993
	$	$

state funds and the state nongame wildlife program.

(q) Establish Northern Raptors Rehabilitation and Education Facility 75,000

This appropriation is to the University of Minnesota, Raptor Center, to establish a raptor rehabilitation and release facility at the Audubon Center of the Northwoods.

(r) Effect of Avian Flu Virus in Mallard Ducks 16,000

This appropriation is to the University of Minnesota, Department of Veterinary Pathobiology, to research the effects of Avian influenza on Mallard ducks.

Subd. 10. Land

(a) Base Maps for 1990s 1,900,000

This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of state planning to provide the state match for a federal program to complete a major portion of the statewide air photo and base map coverage. The federal share is appropriated.

(b) Accelerated Soil Survey 1,270,000

This appropriation is to the University of Minnesota, Agriculture Experiment Station, to complete the soil survey in counties under contract as of July 1, 1988. Up to $270,000 is for initiation of a survey in Koochiching county, provided that the county share of the cost of the survey shall be one-third of the cost, reduced by a percentage equal to the percent of land located in the county that is owned by the federal or state government that exceeds five percent, and further adjusted by the ratio

	1992	1993
	$	$
of the adjusted net tax capacity per capita of the county to the adjusted net tax capacity per capita of the state.		
(c) Statewide National Wetlands Inventory, Protected Waters Inventory, Watershed Map Digitization	750,000	
This appropriation is from the Minnesota environment and natural resources trust fund to the commissioner of natural resources to complete the digitization of the national wetlands inventory, protected water inventory, and watershed boundaries.		
(d) Statewide Land Use Update	338,000	
This appropriation is to the commissioner of state planning for a grant to The International Coalition to complete a statewide land use update of all land and water resources outside the Twin City metropolitan area.		
(e) Local Geographic Information System Program	143,000	
This appropriation is to the commissioner of state planning for a grant to The International Coalition to expand the applicability and use of geographic information by developing programs and providing training at the local level.		
(f) GIS Control Point Inventory	175,000	
This appropriation is to the commissioner of state planning to produce a statewide inventory of known public land survey control points using data from all levels of government.		
(g) Land Use and Design Strategies to Enhance Environmental Quality	100,000	
This appropriation is to the University of Minnesota, College of Architecture and Landscape Architecture, to develop		

	1992	1993
	$	$
a land use and design concept for typical sites on light rail transit and freeway systems. The work must be done in consultation with the Metropolitan Council and the Regional Transit Board.		
(h) Model Residential Land Use Guidelines	150,000	
This appropriation is to the University of Minnesota, Department of Landscape Architecture, to illustrate and disseminate residential land development guidelines that address a broad range of environmental concerns. The work must be done in consultation with the Metropolitan Council. The legislative commission on Minnesota resources may convene a steering committee to ensure coordination and practical results.		
Subd. 11. Minerals		
Subsurface Greenstone Belts in Southwestern Minnesota	120,000	
This appropriation is to the University of Minnesota, Minnesota Geologic Survey, to apply aeromagnetic interpretation techniques and test drilling to determine greenstone and associated mineral potential in southwestern Minnesota.		
Subd. 12. Waste		
(a) Remediation of Soils by Co-Composting with Leaves	135,000	
This appropriation is to the office of waste management for a grant to the Minneapolis Community Development Agency to develop a treatment method for soils contaminated with semi-volatile compounds by co-composting with leaves.		

	1992	1993
	$	$
(b) Land Spreading of Yard Wastes	100,000	

This appropriation is to the office of waste management for a grant to the University of Minnesota, Soils Science Department, to determine the maximum and optimum rates that yard wastes can be applied to soils without reducing yields or endangering the environment.

Subd. 13. Oil Overcharge

The appropriations in this subdivision are from oil overcharge money, as defined in Minnesota Statutes, section 4.071, in the special revenue fund.

(a) Traffic Signal Timing and Optimization Program	1,175,000

This appropriation is to the commissioner of administration for transfer to the commissioner of transportation. $125,000 is for traffic signal retiming and optimization training and $1,050,000 for a cost share program for signal retiming. $675,000 of the cost share program is available only as cash flow permits.

(b) Waste Crumb Rubber in Roadways	100,000

This appropriation is to the commissioner of administration for transfer to the commissioner of transportation to improve hot-mix asphalt pavement performance through the use of crumb tire rubber and selected polymer additives. The process will use waste tires generated in Minnesota. This appropriation must be matched by $100,000 from other sources.

(c) Biodegradable Plastics – Microbial and Crop Plant Systems	150,000

This appropriation is to the commissioner of administration for a grant to

	1992	1993
	$	$
the University of Minnesota, Department of Agronomy and Plant Genetics, to genetically engineer yeast and crop plants to produce low-cost polyhydroxybutyric, a biodegradable plastic, to substitute for petroleum-based plastics.		
(d) Agricultural Energy Savings Information	150,000	
This appropriation is to the commissioner of administration for a grant to the Agricultural Utilization Research Institute to conduct a series of conferences, communication products, and intensive workshops in order to transfer the results of state-funded research to agricultural practitioners.		
(e) Residential Urban Environmental Resource Audit	150,000	
This appropriation is to the commissioner of administration for a grant to the St. Paul Neighborhood Energy Consortium to develop and implement neighborhood workshops and one-on-one consultations as part of an environmental urban resource audit and a broad educational campaign.		
(f) Means for Producing Lignin-Based Plastics	100,000	
This appropriation is to the University of Minnesota, Department of Forest Products, to develop means for fabricating engineering plastics based upon industrial by-product lignins and corresponding raw materials from wheat straw.		
(g) Cellulose Rayons for Packaging	150,000	
This appropriation is to the office of waste management for a grant to Bemidji State University, Center for Environmental Studies, to research and develop cellulose rayons.		

	1992	1993
	$	$
(h) Tree and Shrub Planting for Energy in Minnesota Communities	1,250,000	
This appropriation is to the commissioner of natural resources to develop research-based guidelines and publications and to provide matching grants for energy conservation tree planting. $950,000 of this appropriation is available only as cash flow permits.		
(i) Oil Overcharge Program Administration	200,000	
This appropriation is to the commissioner of administration for processing and oversight of grants and allocations in the Oil Overcharge program.		
(j) Energy Efficiency Standards for Residential Construction	75,000	
This appropriation is to the commissioner of administration for a grant to the University of Minnesota, Cold Climate Housing Center for the development of performance-based standards for energy efficient new home construction and procedures for implementation. This appropriation must be matched by $75,000 of nonstate funds. This appropriation is available only as cash flow permits.		
Subd. 14. MFRF Contingent Account	800,000	
In addition to the specific amounts appropriated from the Minnesota future resources fund by this section, any increase in the projected revenue to the fund in excess of the amount indicated in subdivision 1 that would otherwise be available for expenditure during the 1992-1993 biennium is appropriated to the legislative commission on Minnesota resources future resources fund contingent account for disbursement by the commission in accordance with the procedure identified in this subdivision.		

	1992	1993
	$	$

This appropriation is for acquisition or development of state land or other projects that are part of a natural resources acceleration activity, when deemed to be of an emergency or critical nature. This appropriation is also available for projects initiated by the legislative commission on Minnesota resources that are found to be proper in order for the commission to carry out its legislative charge.

This appropriation is not available until the legislative commission on Minnesota resources has made a recommendation to the legislative advisory commission regarding each expenditure from the account. The legislative advisory commission must then hold a meeting and provide its recommendation on each item, which may be spent only with the approval of the governor.

Subd. 15. Trust Fund Contingent Account 1,000,000

In addition to the specific amounts appropriated from the environmental trust fund by this section, any increase in the projected revenue to the trust fund in excess of the amount indicated in subdivision 1 that would otherwise be available for expenditure during the 1992-1993 biennium in accordance with Minnesota Statutes, sections 116P.08 and 116P.11, is appropriated to the legislative commission on Minnesota resources environmental trust fund contingent account for disbursement by the commission in accordance with the procedure identified in this subdivision.

This appropriation is not available until the legislative commission on Minnesota resources has made a recommendation to the legislative advisory commission regarding each ex-

	1992	1993
	$	$

penditure from the account. The legislative advisory commission must then hold a meeting and provide its recommendation on each item, which may be spent only with the approval of the governor.

Subd. 16. Compatible Data

During the biennium ending June 30, 1993, the data collected by the projects funded under this section that have common value for natural resource planning and management must conform to information architecture as defined in guidelines and standards adopted by the information policy office. Data review committees may be established to develop or comment on plans for data integration and distribution and shall submit semiannual status reports to the legislative commission on Minnesota resources on their findings. In addition, the data must be provided to and integrated with the Minnesota land management information center's geographic data bases with the integration costs borne by the activity receiving funding under this section. This requirement applies to all projects funded under this section, including, but not limited to, the following projects:

Recreation: Subdivision 3, paragraphs (d) and (e);

Water: Subdivision 4, paragraphs (a), (b), (c), (f), and (g);

Agriculture: Subdivision 6, paragraph (d);

Wildlife: Subdivision 9, paragraphs (d), (e), (h), (k), and (p);

Land: Subdivision 10, paragraphs (a), (b), (c), (d), (e), and (f);

	1992	1993
	$	$

Minerals: Subdivision 11.

Subd. 17. Work Program

It is a condition of acceptance of the appropriations made by this section that the agency or entity receiving the appropriation must submit a work program and semiannual progress reports in the form determined by the legislative commission on Minnesota resources. None of the money provided in this section may be spent unless the commission has approved the pertinent work program.

Subd. 18. Temporary Positions

The approved full-time equivalent of the following agencies shall be increased for the biennium as indicated for the appropriations in this section:

Board of Water and Soil Resources –	1
Pollution Control Agency –	5
State Planning Agency –	3
Department of Agriculture –	4
Department of Education –	4
Department of Administration –	1
Department of Natural Resources –	36

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. The positions are in addition to any other approved complement for the agency. Part-time employment of persons is authorized.

Subd. 19. Match Requirements

	1992	1993
	$	$

Appropriations in this section that must be matched and for which the match has not been committed by January 1, 1992, must be canceled. Amounts canceled to the Minnesota future resources fund are appropriated to the contingent account created in subdivision 14.

Subd. 20. Patents and Royalties

If an appropriation in this section from the Minnesota future resources fund results in a patent and subsequent royalties, payment of 50 percent of the royalties received, net of patent servicing costs, must be paid to the Minnesota future resources fund, until the entire appropriation made by this section is repaid.

Subd. 21. Carryforward

The appropriation in Laws 1989, chapter 335, article 1, section 29, subdivision 3, paragraph (e), Development of Forest Soil Interpretations, is available until December 31, 1991.

The appropriation in Laws 1989, chapter 335, article 1, section 29, subdivision 3, paragraph (h), Statewide Public Recreation Map, is available until June 30, 1992.

The appropriation in Laws 1989, chapter 335, article 1, section 29, subdivision 11, paragraph (o), High Flotation Tire Research is available until June 30, 1992.

Sec. 15. TRANSFERS

If the appropriation in this article to an agency in the executive branch is specified by program, the agency may transfer unencumbered balances among the programs specified in that

	1992	1993
	$	$

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.

If an amount is specified in this article item within an activity, that amount must not be transferred or used for any other purpose.

ARTICLE 2

ENVIRONMENT AND NATURAL RESOURCES

Section 1. Minnesota Statutes 1990, section 14.18, is amended to read:

14.18 [PUBLICATION OF ADOPTED RULE; EFFECTIVE DATE.]

Subdivision 1. [GENERALLY.] A rule is effective after it has been subjected to all requirements described in sections 14.131 to 14.20 and five working days after the notice of adoption is published in the State Register unless a later date is required by law or specified in the rule. If the rule adopted is the same as the proposed rule, publication may be made by publishing notice in the State Register that the rule has been adopted as proposed and by citing the prior publication. If the rule adopted differs from the proposed rule, the portions of the adopted rule which differ from the proposed rule shall be included in the notice of adoption together with a citation to the prior State Register publication of the remainder of the proposed rule. The nature of the modifications must be clear to a reasonable person when the notice of adoption is considered together with the State Register publication of the proposed rule, except that modifications may also be made which comply with the form requirements of section 14.07, subdivision 7.

Subd. 2. [POLLUTION CONTROL AGENCY FEES.] A new fee or fee increase adopted by the pollution control agency is subject to legislative approval during the next biennial budget session following adoption. The commissioner shall submit a report of fee adjustments to the legislature as a supplement to the biennial budget. Any new fee or fee increase remains in effect unless the legislature passes a bill disapproving the new fee or fee increase. A fee or fee increase disapproved by the legislature becomes null and void on July 1 following adjournment.

Sec. 2. Minnesota Statutes 1990, section 16A.123, subdivision 5, is amended to read:

Subd. 5. [DEPARTMENT OF NATURAL RESOURCES COMPLEMENT.] ~~(a) Beginning with the biennium ending June 30, 1991,~~ The legislature shall establish complements for the department of natural resources based on the number of full-time equivalent positions and dollars appropriated for salary-related expenditures.

The commissioner of natural resources shall provide a biennial report indicating the distribution of the full-time equivalents for the previous biennium as a supplement to the agency's biennial budget request for succeeding bienniums. The biennial budget document submitted to the legislature by the governor ~~beginning with the 1992-1993 biennium~~ shall indicate, by program and by activity, the number of full-time equivalent positions included as base level ~~and recommended changes~~. The governor's salary and full-time equivalents requests for the agency shall include all full-time, part-time, and seasonal dollars and full-time equivalent positions requested. Any change level request submitted by the governor to the legislature for consideration ~~by the governor~~ as part of the governor's biennial budget containing funding for salaries shall indicate the number of additional full-time equivalent positions and salary dollars requested.

Within the full-time equivalent number and amount of salary dollars appropriated for the department, the commissioner shall have the authority to establish as many full-time, part-time, or seasonal positions as required to accomplish the assigned responsibilities for the department. The commissioner shall have the authority to reallocate salary dollars for other operating expenses, but the commissioner shall not have authority to reallocate other operating funds to increase the total amount appropriated for salary-related expenses, including salary supplement, without receiving prior approval according to the process defined in this subdivision.

In the event that the commissioner finds it necessary to exceed the full-time equivalent number or the amount of appropriated dollars and the legislature is not in session, the commissioner shall seek approval of the legislative advisory commission under subdivision 4. Legislative advisory commission approved full-time equivalent po-

sitions and dollars shall ~~not~~ only become ~~a~~ part of the agency budget base ~~unless authorized by the legislature~~ if the increase is the result of appropriations made to the agency by the legislature that are in addition to the appropriations made in the omnibus appropriations acts. All other legislative advisory commission authorized full-time equivalent positions or dollar adjustments shall be temporary for the biennium during which they are authorized unless approved by the legislature.

~~(b)~~ This subdivision does not apply to emergency firefighting crews. Subdivisions 1, 2, and 3 do not apply to the department of natural resources.

Sec. 3. Minnesota Statutes 1990, section 18.191, is amended to read:

18.191 [DESTRUCTION OF NOXIOUS WEEDS.]

Except as otherwise specifically provided in sections 18.181 to 18.271, 18.281 to 18.311, and 18.321 to 18.322, it shall be the duty of every occupant of land or, if the land is unoccupied, the owner thereof, or an agent, or the public official in charge thereof, to cut down, otherwise destroy, or eradicate all noxious weeds as defined in section 18.171, subdivision 5, standing, being, or growing upon such land, in such manner and at such times as may be directed or ordered by the commissioner, the commissioner's authorized agents, the county agricultural inspector, or by a local weed inspector having jurisdiction.

Except as provided below, an owner of nonfederal lands underlying public waters or wetlands designated under section 103G.201 is not required to control or eradicate purple loosestrife (Lythrum salicaria) below the ordinary high water level of the public water or wetland. To the extent provided in this section, the commissioner of natural resources is responsible for control and eradication of purple loosestrife on public waters and wetlands designated under section 103G.201, except those located upon lands owned in fee title or managed by the United States. The officers, employees, agents, and contractors of the commissioner may enter upon public waters and wetlands designated under section 103G.201 and may cross adjacent lands as necessary for the purpose of investigating purple loosestrife infestations, formulating methods of eradication, and implementing control and eradication of purple loosestrife. The commissioner, after consultation with the commissioner of agriculture, shall, by June 1 of each year, compile a priority list of purple loosestrife infestations to be controlled in designated public waters or public wetlands. The commissioner of agriculture must distribute the list to county agricultural inspectors, local weed inspectors, and their appointed agents. The commissioner of natural resources shall control listed purple loosestrife infestations in priority order within the limits of appropriations provided for that purpose. This proce-

dure shall be the exclusive means for control of purple loosestrife on designated public waters and public wetlands by the commissioner of natural resources and shall supersede the other provisions for control of noxious weeds set forth elsewhere in Minnesota Statutes, chapter 18. The responsibility of the commissioner to control and eradicate purple loosestrife on public waters and wetlands located on private lands and the authority to enter upon private lands ends ten days after receipt by the commissioner of a written statement from the landowner that the landowner assumes all responsibility for control and eradication of purple loosestrife under sections 18.171 to 18.315. State officers, employees, agents, and contractors are not liable in a civil action for trespass committed in the discharge of their duties under this section and are not liable to anyone for damages, except for damages arising from gross negligence.

Sec. 4. Minnesota Statutes 1990, section 84.82, subdivision 2, is amended to read:

Subd. 2. [APPLICATION, ISSUANCE, REPORTS.] Application for registration or reregistration shall be made to the commissioner of natural resources, or the commissioner of public safety or an authorized deputy registrar of motor vehicles in such form as the commissioner of public safety shall prescribe, and shall state the name and address of every owner of the snowmobile and be signed by at least one owner. The commissioner of natural resources shall authorize retail dealers of snowmobiles to serve as agents of the deputy registrar for purposes of snowmobile registration and reregistration. A person who purchases a snowmobile from a retail dealer may make application for registration to the dealer at the point of sale. The dealer shall issue a temporary registration to each purchaser who applies to the dealer for registration. The temporary registration is valid until the final registration becomes effective. Upon receipt of the application and the appropriate fee as hereinafter provided, such snowmobile shall be registered and a registration number assigned which shall be affixed to the snowmobile in such manner as the commissioner of natural resources shall prescribe. Each deputy registrar of motor vehicles acting pursuant to section 168.33, shall also be a deputy registrar of snowmobiles. The commissioner of natural resources in agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to assure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with these accounting and procedural requirements. A fee of 50 cents in addition to that otherwise prescribed by law shall be charged for each snowmobile registered by the registrar or a deputy registrar. The additional fee shall be disposed of in the manner provided in section 168.33, subdivision 2.

Sec. 5. Minnesota Statutes 1990, section 84.82, subdivision 3, is amended to read:

Subd. 3. [FEES FOR REGISTRATION.] (a) The fee for registration of each snowmobile, other than those used for an agricultural purpose, as defined in section 84.92, subdivision 1c, or those registered by a dealer or manufacturer pursuant to clause (b) or (c) shall be as follows: ~~$18~~ $30 for three years and $4 for a duplicate or transfer.

(b) The total registration fee for all snowmobiles owned by a dealer and operated for demonstration or testing purposes shall be $50 per year.

(c) The total registration fee for all snowmobiles owned by a manufacturer and operated for research, testing, experimentation, or demonstration purposes shall be $150 per year. Dealer and manufacturer registrations are not transferable.

Sec. 6. Minnesota Statutes 1990, section 84.944, subdivision 2, is amended to read:

Subd. 2. [DESIGNATION OF ACQUIRED SITES.] The critical natural habitat acquired in fee title 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 sections 97A.101, 97A.125, 97C.001, and 97C.011~~, and 97C.021~~. The commissioner may so designate any critical natural habitat acquired in less than fee title.

Sec. 7. Minnesota Statutes 1990, section 84.96, subdivision 5, is amended to read:

Subd. 5. [PAYMENTS.] (a) The commissioner must make payments to the landowner under this subdivision for the easement.

(b) For a permanent easement, the commissioner must pay ~~50 percent of the average equalized estimated market value of cropland in the township as established by the commissioner of revenue~~ 65 percent of the permanent marginal agricultural land payment rate as established by the board of water and soil resources for the time period when the application is made.

(c) For an easement of limited duration, the ~~landowner shall receive a lump sum payment equal to the present value of the annual payments for the term of the easement based on 50 percent of the mean adjusted cash rental for cropland in the county as established by the commissioner of revenue~~ commissioner must pay 65 percent of the permanent prairie bank easement rate for the time period when the application is made.

(d) To maintain and protect native prairies, the commissioner may enter into easements that allow selected agricultural practices.

Payment must be based on paragraph (b) or (c) but may be reduced due to the agricultural practices allowed after negotiation with the landowner.

Sec. 8. Minnesota Statutes 1990, section 85.015, is amended by adding a subdivision to read:

Subd. 16. [SUPERIOR VISTA TRAIL; ST. LOUIS AND LAKE COUNTIES.] The trail shall originate at the city of Duluth and shall extend in a northeasterly direction along the shoreline of Lake Superior to the city of Two Harbors. The trail shall be designed for bicycles and hikers, shall utilize existing highway and railroad right-of-way where possible, and shall be laid out in a manner to maximize the view of Lake Superior while traversing the length of the trail.

Sec. 9. [COORDINATION.]

In developing a plan to implement section 7, the commissioner shall involve the various jurisdictions through which the Superior Vista trail corridor would pass. This includes, but is not limited to, the St. Louis and Lake counties highway departments, the cities of Duluth and Two Harbors, the Minnesota department of transportation, and the St. Louis and Lake counties railroad authorities.

Sec. 10. Minnesota Statutes 1990, section 85.22, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION.] The revolving fund established under Laws 1941, chapter 548, section 37, subdivision E, item 4 is the state parks working capital account. The account is to be used to maintain and operate the revenue producing facilities and to operate the resource management and interpretive programs in the state parks within the limits in this section.

Sec. 11. Minnesota Statutes 1990, section 85.22, subdivision 2a, is amended to read:

Subd. 2a. [RECEIPTS, APPROPRIATION.] All receipts derived from the rental or sale of ~~items in~~ state ~~parks~~ park items shall be deposited in the state treasury and be credited to the state parks working capital account. The money in the account is annually appropriated ~~solely~~ for the purchase and payment of expenses attributable to items for resale or rental and for state park resource management and interpretive programs. No money shall be spent on the resource management or interpretive programs until all expenses attributable to the revenue producing program have been covered.

Sec. 12. Minnesota Statutes 1990, section 86B.415, subdivision 1, is amended to read:

Subdivision 1. [WATERCRAFT ~~LESS THAN~~ 19 FEET OR LESS.] The fee for a watercraft license for watercraft ~~less than~~ 19 feet in length or less is ~~$12~~ $35 except:

(1) for watercraft 19 feet in length or less that is offered for rent or lease, the fee is ~~$6~~ $12;

(2) for a canoe, kayak, sailboat, sailboard, paddle boat, or rowing shell 19 feet in length or less, the fee is ~~$7~~ $12;

(3) for a watercraft less than 17 feet in length, the fee is $22;

(4) for a watercraft 19 feet in length or less used by a nonprofit corporation for teaching boat and water safety, the fee is as provided in subdivision 4; and

~~(4)~~ (5) for a watercraft owned by a dealer under a dealer's license, the fee is as provided in subdivision 5.

Sec. 13. Minnesota Statutes 1990, section 86B.415, subdivision 2, is amended to read:

Subd. 2. [WATERCRAFT OVER 19 FEET.] Except as provided in subdivisions 3, 4, and 5, the watercraft license fee:

(1) for a watercraft more than 19 feet but less than 26 feet in length is ~~$20~~ $45;

(2) for a watercraft 26 feet but less than 40 feet in length is ~~$30~~ $60; and

(3) for a watercraft 40 feet in length or longer is ~~$40~~ $80.

Sec. 14. Minnesota Statutes 1990, section 86B.415, subdivision 3, is amended to read:

Subd. 3. [WATERCRAFT OVER 19 FEET FOR HIRE.] The license fee for a watercraft more than 19 feet in length for hire with an operator is ~~$50~~ $80 each.

Sec. 15. Minnesota Statutes 1990, section 86B.415, subdivision 4, is amended to read:

Subd. 4. [WATERCRAFT USED BY NONPROFIT CORPORATION FOR TEACHING.] The watercraft license fee for a watercraft

used by a nonprofit organization for teaching boat and water safety is ~~$3~~ $6 each.

Sec. 16. Minnesota Statutes 1990, section 86B.415, subdivision 5, is amended to read:

Subd. 5. [DEALER'S LICENSE.] There is no separate fee for watercraft owned by a dealer under a dealer's license. The fee for a dealer's license is ~~$30~~ $60.

Sec. 17. Minnesota Statutes 1990, section 86B.415, subdivision 6, is amended to read:

Subd. 6. [TRANSFER OR DUPLICATE LICENSE.] The fee to transfer a watercraft license or be issued a duplicate license is ~~$3~~ $4.

Sec. 18. Minnesota Statutes 1990, section 86B.415, subdivision 7, is amended to read:

Subd. 7. [WATERCRAFT SURCHARGE.] A surcharge of $2 is placed on each watercraft licensed under subdivisions 1 to 6~~, that is 17 feet in length or longer,~~ for ~~management~~ ~~of~~ control, public awareness, law enforcement, monitoring, and research of nuisance aquatic exotic species such as zebra mussel, purple loosestrife, and Eurasian water milfoil according to law.

Sec. 19. [88.86] [MINNESOTA RELEAF PROGRAM.]

The Minnesota releaf program is established in the department of natural resources to encourage, promote, and fund the planting, maintenance, and improvement of trees in this state to reduce atmospheric carbon dioxide levels and promote energy conservation.

Sec. 20. [IMPLEMENTATION PLAN.]

Subdivision 1. [DESCRIPTION.] (a) The commissioner of natural resources in cooperation with the commissioners of the pollution control agency and department of agriculture shall prepare and submit to the legislative commission on Minnesota resources an implementation plan for the Minnesota releaf program containing the following elements:

(1) primary and secondary criteria for selecting projects for funding under the Minnesota releaf program; and

(2) recommended procedures for processing grant applications and allocating funds.

(b) The primary criteria developed under paragraph (a), clause (1), must include, but are not limited to:

(1) reduction and mitigation of adverse environmental impacts of atmospheric carbon dioxide; and

(2) promotion of energy conservation.

(c) The secondary criteria developed under paragraph (a), clause (1), must include, but are not limited to:

(1) balancing of urban and rural needs;

(2) preservation of existing trees in urban areas;

(3) promotion of biodiversity, including development of disease-resistant and drought-resistant tree species;

(4) erosion control;

(5) enhancement of wildlife habitat;

(6) encouragement of cost sharing with public and private entities;

(7) enhancement of recreational opportunities in urban and rural areas;

(8) coordination with existing state and federal programs;

(9) acceleration of the planting of harvestable timber;

(10) creation of employment opportunities for disadvantaged youth; and

(11) maximization of the use of volunteers.

Subd. 2. [DUTIES OF THE COMMISSIONER OF NATURAL RESOURCES.] By February 1, 1992, the commissioner of natural resources shall transmit to the legislature the implementation plan prepared under subdivision 1, and the recommendations prepared under subdivision 3, together with all recommended legislation to implement the Minnesota releaf program and the supporting fee structure.

Subd. 3. [DUTIES OF THE POLLUTION CONTROL AGENCY.] (a) The pollution control agency, in consultation with potentially affected parties, shall prepare implementation recommendations for applying a fee on carbon dioxide emissions for the Minnesota releaf program. The agency's analysis must include:

(1) a review of the carbon dioxide sources and proposed fee base identified in the study prepared in accordance with Laws 1990, chapter 587, section 2;

(2) recommendations regarding exemptions, if any, that should be granted;

(3) a recommended method for measuring the amount of carbon dioxide emitted by various sources;

(4) a recommended procedure for administering and collecting the fees from the sources described in clause (3); and

(5) an estimate of revenue that would be generated by the fees.

(b) The agency shall submit implementation recommendations to the commissioner of natural resources by December 1, 1991.

Sec. 21. [LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES PARTICIPATION.]

The commissioners of natural resources and pollution control agency shall include the preparation of the plans required for the implementation of the Minnesota releaf program as part of the tree and shrub planting project funded in article 1, section 14. In compliance with article 1, section 14, an amended work plan for the tree and shrub planting project including the Minnesota releaf plans shall be submitted to the legislative commission on Minnesota resources for approval.

Sec. 22. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes, section 116.86, as section 88.85.

Sec. 23. Minnesota Statutes 1990, section 97A.075, subdivision 2, is amended to read:

Subd. 2. [MINNESOTA MIGRATORY WATERFOWL STAMP.] The commissioner may use the revenue from the Minnesota migratory waterfowl stamps for:

(1) development of wetlands in the state and designated waterfowl management lakes for maximum migratory waterfowl production including the construction of dikes, water control structures and impoundments, nest cover, rough fish barriers, acquisition of sites and facilities necessary for development and management of existing migratory waterfowl habitat and the creation of migratory waterfowl management lakes;

(2) ~~protection and propagation~~ management of migratory waterfowl;

(3) development, restoration, maintenance, or preservation of migratory waterfowl habitat;

(4) acquisition of and access to structure sites; and

(5) necessary related administrative costs not to exceed ten percent of the annual revenue.

Sec. 24. Minnesota Statutes 1990, section 97A.141, is amended by adding a subdivision to read:

Subd. 4. [COOPERATION WITH METROPOLITAN GOVERNMENTAL UNITS.] Local units of government owning lands adjacent to public waters within the seven-county metropolitan area shall cooperate with the commissioner to use those lands for public access purposes when identified by the commissioner under subdivision 1. If cooperation does not occur, the commissioner may use condemnation authority under this section to acquire an interest in the local government lands for public access purposes.

Sec. 25. Minnesota Statutes 1990, section 97A.325, subdivision 2, is amended to read:

Subd. 2. [DEER; BEAR; MOOSE; ELK; CARIBOU.] Except as provided in subdivision 1, a person that violates a provision of the game and fish laws relating to buying or selling deer, bear, moose, elk, or caribou is guilty of a gross misdemeanor.

Sec. 26. Minnesota Statutes 1990, section 97A.435, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] Persons eligible for a turkey license shall be determined by this section and commissioner's order. A person is eligible for a turkey license only if the person is ~~a resident and~~ at least age 16 before the season opens or possesses a firearms safety certificate.

Sec. 27. Minnesota Statutes 1990, 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, $10;

(2) for persons age 65 or over, $5;

(3) to take turkey, ~~$14~~ $20;

(4) to take deer with firearms, $22;

(5) husband and wife license to take deer with firearms, $27;

(6) family license to take deer with firearms, $84;

~~(6)~~ (7) to take deer by archery, $22;

(8) husband and wife license to take deer by archery, $27;

~~(7)~~ (9) to take moose, for a party of not more than four persons, $275;

~~(8)~~ (10) to take bear, $33; ~~and~~

~~(9)~~ (11) to take elk, for a party of not more than two persons, $220; and

(12) to take antlered deer only in multiple zones, without provision to apply for a doe permit, if the commissioner determines that there is no deleterious effect on the deer herd, $32.

Sec. 28. Minnesota Statutes 1990, 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, $56;

(2) to take deer with firearms, $110;

(3) to take deer by archery, $110;

(4) to take bear, $165;

(5) to take turkey, ~~$33~~ $56; and

(6) to take raccoon, bobcat, fox, coyote, or lynx, $137.50.

Sec. 29. Minnesota Statutes 1990, section 97A.475, subdivision 7, is amended to read:

Subd. 7. [NONRESIDENT FISHING.] Fees for the following licenses, to be issued to nonresidents, are:

(1) to take fish by angling, ~~$20~~ $25;

(2) to take fish by angling limited to seven consecutive days, $16.50;

(3) to take fish by angling for three consecutive days, $13.50;

(4) to take fish by angling for a combined license for a family, ~~$33.50~~ $35;

(5) to take fish by angling for a period of 24 hours from the time of issuance, $5; and

(6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days, $25.

Sec. 30. Minnesota Statutes 1990, section 97A.485, subdivision 7, is amended to read:

Subd. 7. [COUNTY AUDITOR'S COMMISSION.] The county auditor shall retain for the county treasury a commission of four percent of all license fees collected by the auditor and the auditor's subagents, excluding the small game surcharge and issuing fees, the fishing surcharge and issuing fees, and the license to take fish by angling for persons age 65 and over. In addition, the auditor shall collect the issuing fees on licenses sold by the auditor to a licensee.

Sec. 31. Minnesota Statutes 1990, section 97B.301, is amended by adding a subdivision to read:

Subd. 6. [HUSBAND AND WIFE DEER LICENSE.] A resident husband and wife license to take deer by firearms or by archery may be issued by the commissioner. A license authorizes the taking of one deer. One antlerless permit application shall be provided with each husband-wife firearms license sold.

Sec. 32. Minnesota Statutes 1990, section 97C.001, subdivision 3, is amended to read:

Subd. 3. [SEASONS, LIMITS, AND RULES.] (a) The commissioner may, by order, establish open seasons, limits, methods, and other rules to take fish on experimental waters.

(b) The open seasons, limits, methods, and other rules must be the same for streams located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, and Winona counties in order to be designated as experimental waters by the commissioner.

Sec. 33. Minnesota Statutes 1990, section 103B.321, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The board shall:

(1) develop guidelines for the contents of comprehensive water plans that provide for a flexible approach to meeting the different water and related land resources needs of counties and watersheds across the state;

(2) coordinate assistance of state agencies to counties and other local units of government involved in preparation of comprehensive water plans, including identification of pertinent data and studies available from the state and federal government;

(3) conduct an active program of information and education concerning the requirements and purposes of sections 103B.301 to 103B.355 in conjunction with the association of Minnesota counties;

(4) determine contested cases under section 103B.345;

(5) establish a process for review of comprehensive water plans that assures the plans are consistent with state law; ~~and~~

(6) report to the legislative commission on Minnesota resources as required by section 103B.351; and

(7) make grants to counties for comprehensive local water planning, implementation of priority actions identified in approved plans, and sealing of abandoned wells.

Sec. 34. Minnesota Statutes 1990, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. [PERMIT FEES.] (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of reviewing and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees shall not include the costs of litigation. The agency shall adopt rules under section 16A.128 establishing the amounts and methods of collection of any permit fees collected under this subdivision. Any money collected under this ~~subdivision~~ paragraph shall be deposited in the special revenue account.

(b) Notwithstanding paragraph (a), and section 16A.128, subdivision 1, the agency shall collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to the requirement to obtain a permit under Title V of the federal Clean Air Act Amendments of 1990, Public Law Number 101-549, Statutes at Large, volume 104, pages 2399 et seq., or Minnesota Statutes, section 116.081. The annual fee shall be used to pay for all direct and indirect reasonable costs required to develop

and administer the permit program requirements of Title V of the federal Clean Air Act Amendments of 1990, Public Law Number 101-549, Statutes at Large, volume 104, pages 2399 et seq., and sections of this chapter related to air contamination. Those costs include the reasonable costs of reviewing and acting upon an application for a permit; implementing and enforcing the terms and conditions of a permit issued, not including court costs or other costs associated with an enforcement action; emissions and ambient monitoring; preparing generally applicable regulations or guidance; modeling, analyses, and demonstrations; and preparing inventories and tracking emissions.

(c) The agency shall adopt fee rules in accordance with the procedures in section 16A.128, subdivisions 1a and 2a, that will result in the collection, in the aggregate, from the sources listed in paragraph (b), of the following amounts:

(1) in fiscal years 1992 and 1993, the amount appropriated by the legislature from fees under the agency's air quality program; and

(2) for fiscal year 1994 and thereafter, an amount not less than $25 per ton of each volatile organic compound, pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act), pollutant regulated under Minnesota Rules, chapter 7005, and each pollutant, except carbon monoxide, for which a national or state primary ambient air quality standard has been promulgated.

The agency shall not include in the calculation of the aggregate amount to be collected from the fee rules any amount in excess of 4,000 tons per year of each air pollutant from a source.

(d) The agency shall provide in the rules promulgated under paragraph (c) for an increase in the fee collected in each year beginning after 1990 by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of such year exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph, the Consumer Price Index for any calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year, and the revision of the Consumer Price Index which is most consistent with the Consumer Price Index for calendar year 1989. Any money collected under paragraphs (b) to (d) shall be deposited in an air quality account in the environmental fund and shall be used solely for the activities listed in paragraph (b).

Sec. 35. Minnesota Statutes 1990, section 116.18, subdivision 2a, is amended to read:

Subd. 2a. [STATE MATCHING GRANTS PROGRAM BEGINNING OCTOBER 1, 1987.] For projects tendered, on or after October 1, 1987, a grant of federal money under section 201(g), section 202, 203, or 206(f) of the Federal Water Pollution Control Act, as amended, United States Code, title 33, sections 1251 to 1376, at 55 percent or more of the eligible cost for construction of the treatment works, state money appropriated under subdivision 1 must be expended for 50 percent of the nonfederal share of the eligible cost of construction for municipalities with populations of 25,000 or less. The total state stop payment amount that is withheld from communities completing wastewater treatment facility construction under the state-federal matching grants program must not exceed ten percent of the total state grant amount.

Sec. 36. Minnesota Statutes 1990, section 116P.05, is amended to read:

116P.05 [LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES.]

Subdivision 1. [MEMBERSHIP.] (a) A legislative commission on Minnesota resources of 16 members is created, consisting of the chairs of the house and senate committees on environment and natural resources or designees appointed for the terms of the chairs, the chairs of the house appropriations and senate finance committees or designees appointed for the terms of the chairs, six members of the senate appointed by the subcommittee on committees of the committee on rules and administration, and six members of the house appointed by the speaker. ~~The commission shall develop a budget plan for expenditures from the trust fund and shall adopt a strategic plan as provided in section 116P.08.~~

~~(b) The commission shall recommend expenditures to the legislature from the Minnesota future resources account under section 116P.13.~~ At least two members from the senate and two members from the house must be from the minority caucus. Members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the commission.

~~(c)~~ (b) Members shall appoint a chair who shall preside and convene meetings as often as necessary to conduct duties prescribed by this chapter.

~~(d)~~ (c) Members shall serve on the commission until their successors are appointed.

~~(e)~~ (d) Vacancies occurring on the commission shall not affect the authority of the remaining members of the commission to carry out their duties, and vacancies shall be filled in the same manner under paragraph (a).

Subd. 2. [DUTIES.] (a) The commission shall recommend a budget plan for expenditures from the environment and natural resources trust fund and shall adopt a strategic plan as provided in section 116P.08.

(b) The commission shall recommend expenditures to the legislature from the Minnesota future resources fund under section 116P.13.

~~(f)~~ (c) The commission may adopt ~~bylaws and~~ operating procedures to fulfill their duties under sections 116P.01 to 116P.13.

Sec. 37. Minnesota Statutes 1990, section 116P.06, is amended to read:

116P.06 [ADVISORY COMMITTEE.]

Subdivision 1. [MEMBERSHIP.] (a) An advisory committee of 11 citizen members shall be appointed by the governor to advise the legislative commission on Minnesota resources on project proposals to receive funding from the trust fund and the development of budget and strategic plans. The governor shall appoint at least one member from each congressional district. The governor shall appoint the chair.

(b) The governor's appointees must be confirmed with the advice and consent of the senate. The membership terms, compensation, removal, and filling of vacancies for citizen members of the advisory committee are governed by section 15.0575.

Subd. 2. [DUTIES.] (a) The advisory committee shall:

(1) prepare and submit to the commission a draft strategic plan to guide expenditures from the trust fund;

(2) review the reinvest in Minnesota program during development of the draft strategic plan;

(3) gather input from the resources congress during development of the draft strategic plan;

(4) advise the commission on project proposals to receive funding from the trust fund; and

(5) advise the commission on development of the budget plan.

(b) The advisory committee may review all project proposals for funding and may make recommendations to the commission on whether the projects:

(1) meet the standards and funding categories set forth in sections 116P.01 to 116P.12;

(2) duplicate existing federal, state, or local projects being conducted within the state; and

(3) are consistent with the most recent strategic plan adopted by the commission.

Sec. 38. Minnesota Statutes 1990, section 116P.07, is amended to read:

116P.07 [RESOURCES CONGRESS.]

The commission must convene a resources congress at least once every biennium and shall develop procedures for the congress. The congress must be open to all interested individuals. The purpose of the congress is to collect public input necessary to allow the commission, with the advice of the advisory committee, to develop a strategic plan to guide expenditures from the trust fund. The congress also may be convened to receive and review reports on trust fund projects. The congress shall also review the reinvest in Minnesota program.

Sec. 39. Minnesota Statutes 1990, section 116P.08, subdivision 3, is amended to read:

Subd. 3. [STRATEGIC PLAN REQUIRED.] (a) The commission shall adopt a strategic plan for making expenditures from the trust fund, including identifying the priority areas for funding for the next six years. ~~The reinvest in Minnesota program must be reviewed by the advisory committee, resources congress, and commission during the development of the strategic plan.~~ The strategic plan must be updated every two years. The plan is advisory only. The commission shall submit the plan, as a recommendation, to the house of representatives appropriations and senate finance committees by January 1 of each odd-numbered year.

(b) ~~The advisory committee shall work with the resources congress to develop a draft strategic plan to be submitted to the commission for approval. The commission shall develop the procedures for the resources congress.~~

~~(c)~~ The commission may accept or modify the draft of the strategic plan submitted to it by the advisory committee before voting on the plan's adoption.

Sec. 40. Minnesota Statutes 1990, section 116P.08, subdivision 4, is amended to read:

Subd. 4. [BUDGET PLAN.] (a) Funding may be provided only for those projects that meet the categories established in subdivision 1.

(b) Projects submitted to the commission for funding may be referred to the advisory committee for recommendation~~, except that research proposals first must be reviewed by the peer review panel. The advisory committee may review all project proposals for funding and may make recommendations to the commission on whether:~~

~~(1) the projects meet the standards and funding categories set forth in sections 116P.01 to 116P.12;~~

~~(2) the projects duplicate existing federal, state, or local projects being conducted within the state; and~~

~~(3) the projects are consistent with the most recent strategic plan adopted by the commission~~.

(c) The commission must adopt a budget plan to make expenditures from the trust fund for the purposes provided in subdivision 1. The budget plan must be submitted to the governor for inclusion in the biennial budget and supplemental budget submitted to the legislature.

(d) Money in the trust fund may not be spent except under an appropriation by law.

Sec. 41. Minnesota Statutes 1990, section 116P.09, subdivision 2, is amended to read:

Subd. 2. [LIAISON OFFICERS.] The commission shall request each department or agency head of all state agencies with a direct interest and responsibility in any phase of environment and natural resources to appoint, and the latter shall appoint for the agency, a liaison officer who shall work closely with the commission and its staff. ~~The designated liaison officer shall attend all meetings of the advisory committee to provide assistance and information to committee members when necessary.~~

Sec. 42. Minnesota Statutes 1990, section 116P.09, subdivision 4, is amended to read:

Subd. 4. [PERSONNEL.] Persons who are employed by a state agency to work on a project and are paid by an appropriation from the trust fund or Minnesota future resources ~~account~~ fund are in the unclassified civil service, and their continued employment is contingent upon the availability of money from the appropriation. When the appropriation has been spent, their positions must be canceled and the approved complement of the agency reduced

accordingly. Part-time employment of persons for a project is authorized.

Sec. 43. Minnesota Statutes 1990, section 116P.09, subdivision 5, is amended to read:

Subd. 5. [ADMINISTRATIVE EXPENSE.] (a) The administrative expenses of the commission ~~and advisory committee shall be paid from the Minnesota future resources account until June 30, 1995~~ shall be prorated among the various funds administered by the commission.

(b) ~~After June 30, 1995, the expenses of the commission and advisory committee combined may not exceed an amount equal to two percent of the total earnings of the trust fund in the preceding fiscal year.~~ Through June 30, 1991, the administrative expenses of the commission and the advisory committee shall be paid from the Minnesota future resources fund. After that time, the prorated expenses related to administration of the trust fund shall be paid from the interest earnings of the trust fund.

(c) ~~The commission and the advisory committee must include a reasonable amount for their administrative expense in the budget plan for the trust fund.~~ After June 30, 1991, the prorated expenses related to administration of the trust fund may not exceed an amount equal to five percent of the projected earnings of the trust fund for the biennium.

Sec. 44. Minnesota Statutes 1990, section 116P.09, subdivision 7, is amended to read:

Subd. 7. [REPORT REQUIRED.] The commission shall, by ~~July 1~~ January 15 of each ~~even-numbered~~ odd-numbered year, submit a report to the governor, the chairs of the house appropriations and senate finance committees, and the chairs of the house and senate committees on environment and natural resources. Copies of the report must be available to the public. The report must include:

(1) a copy of the current strategic plan;

(2) a description of each project receiving money from the trust fund and Minnesota future resources ~~account~~ fund during the preceding ~~two years~~ biennium;

(3) a summary of any research project completed in the preceding ~~two years~~ biennium;

(4) recommendations to implement successful projects and programs into a state agency's standard operations;

(5) to the extent known by the commission, descriptions of the projects anticipated to be supported by the trust fund and Minnesota future resources account during the next ~~two years~~ biennium;

(6) the source and amount of all revenues collected and distributed by the commission, including all administrative and other expenses;

(7) a description of the ~~trust fund's~~ assets and liabilities of the trust fund and the Minnesota future resources fund;

(8) any findings or recommendations that are deemed proper to assist the legislature in formulating legislation;

(9) a list of all gifts and donations with a value over $1,000; and

(10) a comparison of the amounts spent by the state for environment and natural resources activities through the most recent fiscal year; ~~and~~.

~~(11) a copy of the most recent certified financial and compliance audit.~~

Sec. 45. Minnesota Statutes 1990, section 168C.04, subdivision 1, is amended to read:

Subdivision 1. The registration fee for bicycles shall be ~~$3 until January 1, 1985, and shall be $5 thereafter~~ $9 after July 1, 1991. These fees shall be paid at the time of registration. The fees, and any donations in excess of the fees must be deposited in ~~the general fund~~ a special revenue account in the general government fund entitled the bicycle transportation account. Proof of purchase is required for registration. Bicycles lacking proof of purchase may be registered if there is no evidence that the bicycle is stolen. However, the registration record must be marked to indicate that no proof of purchase was provided. The registration is valid for three calendar years. A person registering a bicycle may add an additional amount to the registration fee, and all amounts so added must be deposited in the same manner as registration fees. A person registering a bicycle must at the time of registration be informed that a registrant may add an additional amount to the fee and that all such additional amounts will be used for the purposes specified in subdivision 2.

Sec. 46. Minnesota Statutes 1990, section 473.844, subdivision 1a, is amended to read:

Subd. 1a. [USE OF FUNDS.] (a) The money in the account may be spent only for the following purposes:

(1) assistance to any person for resource recovery projects funded under subdivision 4 or projects to develop and coordinate markets for

reusable or recyclable waste materials, including related public education, planning, and technical assistance;

(2) grants to counties under section 473.8441;

(3) program administration by the metropolitan council;

(4) public education on solid waste reduction and recycling; and

(5) solid waste research.

(b) The council shall allocate at least 50 percent of the annual revenue received by the account, including interest and any amount carried over from a previous fiscal year, for grants to counties under section 473.8441.

Sec. 47. Minnesota Statutes 1990, section 85.012, is amended by adding a subdivision to read:

Subd. 23a. Glendalough state park, Otter Tail county.

Sec. 48. [GLENDALOUGH STATE PARK.]

Subdivision 1. [ESTABLISHMENT.] Glendalough state park is established in Otter Tail county.

Subd. 2. [ACQUISITION.] The commissioner of natural resources is authorized to acquire by gift or purchase the lands for Glendalough state park. The commissioner shall give emphasis to the management of wildlife within the park and shall interpret these management activities for the public. Except as otherwise provided in this subdivision, all lands acquired for Glendalough state park shall be administered in the same manner as provided for other state parks and shall be perpetually dedicated for that use.

Subd. 3. [PAYMENT IN LIEU OF TAXES FOR PRIVATE TRACTS.] (a) If a tract or lot or privately owned land is acquired for inclusion within Glendalough state park and, as a result of the acquisition, taxes are no longer assessed against the tract or lot or improvements on the tract or lot, the following amount shall be paid by the commissioner of natural resources to Otter Tail county for distribution to the taxing districts:

(1) in the first year after taxes are last required to be paid on the property, 80 percent of the last required payment;

(2) in the second year after taxes are last required to be paid on the property, 60 percent of the last required payment;

(3) in the third year after taxes are last required to be paid on the property, 40 percent of the last required payment; and

(4) in the fourth year after taxes are last required to be paid on the property, 20 percent of the last required payment.

(b) The commissioner shall make the payments from money appropriated for state park maintenance and operation. The county auditor shall certify to the commissioner of natural resources the total amount due to a county on or before March 30 of the year in which money must be paid under this section. Money received by a county under this subdivision shall be distributed to the various taxing districts in the same proportion as the levy on the property in the last year taxes were required to be paid on the property.

Subd. 4. [BOUNDARIES.] The following described lands are located within the boundaries of Glendalough state park:

Government Lots 3 and 4 and that part of Lake Emma and its lake bed lying in Section 7; all of Section 18; Government Lot 1, the Northeast Quarter of the Northwest Quarter and the Southwest Quarter of the Northwest Quarter of Section 19; all in Township 133 North, Range 39 West.

All of Section 13; Government Lots 1 and 2, the West Half of the Southeast Quarter, the Northeast Quarter and the Southwest Quarter of Section 14; Government Lots 1 and 2, the East 66 feet of the West Half of the Southeast Quarter and the Northeast Quarter of Section 23; Government Lots 1, 2, 3, 4, 5, 6, and 8, the Northwest Quarter of the Northwest Quarter, the East Half of the Southeast Quarter of Section 24; that part of Government Lot 7 of Section 24 lying easterly of the following described line: commencing at the northeast corner of Government Lot 1 of Section 25, Township 133 North, Range 40 West; thence North 89 degrees 22 minutes 29 seconds West on an assumed bearing along the north line of said Section 25 a distance of 75.00 feet to the point of beginning; thence on a bearing of North 37 feet, more or less, to the shoreline of Molly Stark Lake and there terminating; that part of Government Lot 1 of Section 25 lying northerly of County State Aid Highway No. 16 and westerly of the following described line: commencing at the northeast corner of said Government Lot 1; thence on an assumed bearing of South along the east line of said Government Lot 1 a distance of 822.46 feet; thence North 77 degrees 59 minutes 14 seconds West 414.39 feet to the point of beginning; thence North 04 degrees 28 minutes 54 seconds East 707 feet, more or less, to the shoreline of Molly Stark Lake and there terminating; the westerly 50 feet except the northerly 643.5 feet of Government Lot 1 of Section 25; Government Lot 1 of Section 26 except the easterly 50 feet of the northerly 643.5 feet; all in Township 133 north, Range 40 West.

Subd. 5. [EFFECTIVE DATE.] Section 47 and this section are effective the day following final enactment.

Sec. 49. [REPEALER.]

Minnesota Statutes 1990, sections 97B.721; and 116P.04, subdivision 5, are repealed.

Sec. 50. [EFFECTIVE DATE.]

Sections 12 to 17 are effective January 1, 1993.

ARTICLE 3

AGRICULTURE

Section 1. Minnesota Statutes 1990, section 18.46, subdivision 6, is amended to read:

Subd. 6. [NURSERY STOCK GROWER.] ~~A nursery operator:~~ A "Nursery ~~operator is any~~ stock grower" means a person who owns, leases, manages, or is in charge of a nursery.

Sec. 2. Minnesota Statutes 1990, section 18.46, subdivision 9, is amended to read:

Subd. 9. [NURSERY STOCK DEALER.] ~~A dealer:~~ A "Nursery stock dealer ~~is any~~" means a person who obtains nursery stock for the purpose of sale or distribution and includes any person who sells and distributes for more than one nursery ~~operator~~ stock grower. A person who purchases more than half of the nursery stock offered for sale at a sales location during the current certificate year shall be considered a nursery stock dealer rather than a nursery ~~operator~~ stock grower for the purposes of determining a proper fee schedule.

Sec. 3. Minnesota Statutes 1990, section 18.46, is amended by adding a subdivision to read:

Subd. 9a. [LANDSCAPER.] "Landscaper" is a nursery stock dealer who obtains certified nursery stock for immediate sale, distribution, or installation and who does not grow or maintain nursery stock for resale.

Sec. 4. Minnesota Statutes 1990, section 18.49, subdivision 2, is amended to read:

Subd. 2. [CERTIFICATE.] It is unlawful for a person to sell or distribute nursery stock to a nursery stock dealer or nursery

~~operator~~ stock grower who does not have a valid ~~certificate of inspection~~ grower's or dealer's certificate.

Sec. 5. Minnesota Statutes 1990, section 18.51, is amended to read:

18.51 [NURSERY STOCK GROWER'S CERTIFICATE ~~OF INSPECTION.~~]

Subdivision 1. [CERTIFICATE REQUIRED.] Each nursery ~~operator~~ stock grower shall obtain a nursery stock grower's certificate ~~of inspection~~ from the commissioner. Said certificate shall be obtained before offering nursery stock for sale or distribution. Each certificate shall expire on November 15 of each year.

Subd. 2. [FEES; PENALTY.] A nursery ~~operator~~ stock grower 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~~ nursery stock grower's nurseries as follows:

Nurseries:	
(1) 1/2 acre or less	~~$40~~ $70 per nursery ~~operator~~ stock grower
(2) Over 1/2 acre to and including 2 acres	~~$60~~ $85 per nursery ~~operator~~ stock grower
(3) Over 2 acres to and including 10 acres	~~$125~~ $150 per nursery ~~operator~~ stock grower
(4) Over 10 acres to and including 50 acres	~~$360~~ $400 per nursery ~~operator~~ stock grower
(5) Over 50 acres	$725 per nursery ~~operator~~ stock grower for the first 50 acres and $1 per acre for each additional acre

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. 6. Minnesota Statutes 1990, section 18.52, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATES REQUIRED.] A ~~dealer's~~ nursery stock dealer certificate shall be obtained by every nursery stock dealer for each location before offering nursery stock for sale or distribution unless the nursery stock dealer holds a valid greenhouse or nursery ~~operator's~~ stock grower's certificate either of which will permit a single sales location. This certificate or a duplicate thereof shall be displayed in a prominent manner at each place

where nursery stock is offered for sale. A certificate to sell or distribute certified nursery stock may be obtained by a nursery stock dealer or by an agent through a principal, from the commissioner. The commissioner may refuse to issue a ~~dealer's~~ nursery stock dealer or ~~agent's~~ agent certificate for cause.

Sec. 7. Minnesota Statutes 1990, section 18.52, subdivision 5, is amended to read:

Subd. 5. [FEES; PENALTY.] A nursery stock dealer shall pay an annual fee based on the dealer's gross sales during the preceding certificate year. A nursery stock dealer operating for the first year will pay the minimum fee.

Dealers:

(1)	Gross sales up to ~~$1,000~~ $5,000	at a location ~~$40~~ $70 per location
(2)	~~Gross sales over $1,000 and up to $5,000~~	~~at a location $50 per location~~
~~(3)~~	Gross sales over $5,000 up to $10,000	at a location ~~$85~~ $100 per location
~~(4)~~	(3) Gross sales over $10,000 up to $25,000	at a location ~~$125~~ $200 per location
~~(5)~~	(4) Gross sales over $25,000 up to $75,000	at a location ~~$175~~ $300 per location
~~(6)~~	(5) Gross sales over $75,000 up to $100,000	at a location ~~$260~~ $400 per location
~~(7)~~	(6) Gross sales over $100,000 up to $250,000	at a location ~~$400~~ $500 per location
(7)	Gross sales over $250,000	at a location $600 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. 8. Minnesota Statutes 1990, section 18.54, subdivision 2, is amended to read:

Subd. 2. [VIRUS DISEASE-FREE CERTIFICATION.] The commissioner shall have the authority to provide special services such as virus disease-free certification and other similar programs. Participation by nursery ~~operators~~ stock growers shall be voluntary. Plants offered for sale as certified virus-free must be grown according to

certain procedures in a manner defined by the commissioner for the purpose of eliminating viruses and other injurious disease or insect pests. The commissioner shall collect reasonable fees from participating nursery ~~operators~~ stock growers for services and materials that are necessary to conduct this type of work, as provided in section 16A.128.

Sec. 9. Minnesota Statutes 1990, section 18.55, is amended to read:

18.55 [RECIPROCITY WITH OTHER STATES.]

Subdivision 1. [OUT-OF-STATE NURSERY ~~OPERATOR~~ STOCK GROWER, DEALER, OR AGENT.] A nursery ~~operator~~ stock grower, dealer, or agent from another state which issues certificates to nursery ~~operators~~ stock growers, dealers, or agents of Minnesota on the same or similar basis as to nursery ~~operators~~ stock growers, dealers, or agents of such state may operate in Minnesota upon complying with the plant pest act without procuring a Minnesota certificate. Any person from another state shipping nursery stock into Minnesota shall be accorded treatment similar to that which is required of Minnesota nursery ~~operators~~ stock growers, dealers, or agents who ship or sell nursery stock in such state. No reciprocity shall be extended under this section until the commissioner has first determined which states issue certificates to nursery ~~operators~~ stock growers, dealers, or agents of Minnesota on the same or similar basis as to nursery ~~operators~~ stock growers, dealers, or agents of such states.

Subd. 2. [FILING OUT-OF-STATE CERTIFICATES OF INSPECTION.] Each out-of-state nursery ~~operator~~ stock grower or dealer whose nursery stock is sold, offered for sale, or distributed within this state shall file a certified current copy of an out-of-state certificate in the office of the commissioner. The commissioner may accept, in lieu of such individual certificates, a certified list of current certified nursery ~~operators~~ stock growers or dealers from the regulatory agency having jurisdiction in the state of origin, and may distribute such lists to persons in the state of Minnesota requesting them. The commissioner also may supply certified lists of certified Minnesota nursery ~~operators~~ stock growers and dealers offering nursery stock for sale in Minnesota and other states on request of any person. If any certified nursery ~~operator~~ stock grower or dealer has violated any provisions of the plant pest act, the filed certificate will be voided or the ~~nursery operator's~~ person's name will be stricken from the appropriate certified list.

Sec. 10. Minnesota Statutes 1990, section 18.56, is amended to read:

18.56 [TAGS.]

A tag bearing a reasonable facsimile of the nursery stock grower or dealer certificate ~~of inspection~~ shall be attached to every package or bundle of nursery stock sold or transported by any person. The form of each tag shall be approved by the commissioner before being used.

Sec. 11. Minnesota Statutes 1990, section 18.57, is amended to read:

18.57 [CARRIERS NOT TO ACCEPT UNTAGGED STOCK.]

All carriers for hire, including railroad companies, express companies and truck lines shall not accept nursery stock which is not tagged with a valid tag of the nursery stock grower or dealer making the shipment. The carrier shall promptly notify the commissioner regarding any prohibited shipment.

Sec. 12. Minnesota Statutes 1990, section 18.60, is amended to read:

18.60 [PENALTIES.]

Subdivision 1. [CERTIFICATE ~~MAY BE REVOKED~~ REVOCATION.] In addition to or in lieu of civil penalties under subdivision 2, the certificate of any person violating any of the provisions of the plant pest act may be suspended or revoked by the commissioner ~~upon five days notice and opportunity to be heard~~.

Subd. 2. ~~[MISDEMEANOR.] Any person violating any of the provisions of the plant pest act, or any rule promulgated thereunder shall be guilty of a misdemeanor.~~ [CIVIL PENALTY.] The commissioner may impose a penalty upon a person who violates the plant pest act. For a first violation, the commissioner may impose a civil penalty of not less than $100 nor more than $1,000 for each act in violation. The penalty may not exceed $25,000. If a person is found guilty of the same violation a second time during a certificate year, the commissioner may impose a civil penalty of not less than $500 nor more than $5,000 for each act in violation. The penalty may not exceed $50,000. The penalty provisions for a second violation apply to successive violations. In determining the amount of the civil penalty to be assessed under this section, the commissioner shall consider the gravity of the offense, the size of the business involved, and the effect of the penalty on the person's ability to continue in business.

Subd. 3. [APPEAL.] A person adversely affected by an act, order, or ruling made under this section, or a rule adopted under the plant pest act, may appeal under chapter 14.

Subd. 4. [FAILURE TO OBEY.] Violations of an administrative

order made under this section or a rule adopted under the plant pest act, must be punished by the district court under the laws of contempt. Each day of failure to obey an order of the commissioner is a separate violation and each violation of a particular act enjoined by the court is a separate violation.

Sec. 13. Minnesota Statutes 1990, section 27.19, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS.] (a) A person subject to the provisions of this section and sections 27.01 to 27.15 may not:

(1) operate or advertise to operate as a dealer at wholesale without a license;

(2) make any false statement or report as to the grade, condition, markings, quality, or quantity of produce, as defined in section 27.069, received or delivered, or act in any manner to deceive a consignor or purchaser;

(3) refuse to accept a shipment contracted for by the person, unless the refusal is based upon the showing of a state inspection certificate secured with reasonable promptness after the receipt of the shipment showing that the kind and quality of produce, as defined in section 27.069, is other than that purchased or ordered by the person;

(4) fail to account or make a settlement for produce within the required time;

(5) violate or fail to comply with the terms or conditions of a contract entered into by the person for the purchase or sale of produce;

(6) purchase for a person's own account any produce received on consignment, either directly or indirectly, without the consent of the consignor;

(7) issue a false or misleading market quotation, or cancel a quotation during the period advertised by the person;

(8) increase the sales charges on produce shipped to the person by means of "dummy" or fictitious sales;

(9) receive decorative forest products and the products of farms and waters from foreign states or countries for sale or resale, either within or outside of the state, and give the purchaser the impression, through any method of advertising or description, that the produce is of Minnesota origin;

(10) fail to notify in writing all suppliers of produce of the protection afforded to suppliers by the person's licensee bond, including: availability of a bond, notice requirements, and any other conditions of the bond;

(11) make a false statement to the commissioner on an application for license or bond or in response to written questions from the commissioner regarding the license or bond;

(12) commit to pay and not pay in full for all produce committed for. A processor may not commit to pay an amount less than the full contract price if the crop produced is satisfactory for processing and is not harvested for reasons within the processor's control. If the processor sets the date for planting, bunching, unusual yields, and a processor's inability or unwillingness to harvest must be considered to be within the processor's control. Under this clause growers must be compensated for passed acreage at the same rate for grade and yield as they would have received had the crop been harvested in a timely manner minus any contractual provision for green manure or feed value. Both parties are excused from payment or performance for crop conditions that are beyond the control of the parties; or

(13) discriminate between different sections, localities, communities, or cities, or between persons in the same community, by purchasing produce from farmers of the same grade, quality, and kind, at different prices, except that price differentials are allowed if directly related to the costs of transportation, shipping, and handling of the produce and a person is allowed to meet the prices of a competitor in good faith, in the same locality for the same grade, quality, and kind of produce. A showing of different prices by the commissioner is prima facie evidence of discrimination.

(b) A separate violation occurs with respect to each different person involved, each purchase or transaction involved, and each false statement.

Sec. 14. Minnesota Statutes 1990, section 28A.08, is amended to read:

28A.08 [LICENSE FEES; PENALTIES.]

License fees, penalties for late renewal of licenses, and penalties for not obtaining a license before conducting business in food handling that are 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. The ~~late penalty~~ penalties may be waived by the commissioner.

Type of food handler	License Fee	Penalties: Late Renewal	Penalties: No License
1. Retail food handler			
(a) Having gross sales of less than ~~$50,000~~ $25,000 for the immediately previous license or fiscal year	~~$ 40~~ $ 50	~~$ 10~~ $ 15	~~$ 13~~ $ 25
(b) Having $25,000 to $50,000 gross sales for the immediately previous license or fiscal year	$ 75	$ 20	$ 50
~~(b)~~ (c) Having $50,000 to $250,000 gross sales for the immediately previous license or fiscal year	~~$ 75~~ $125	~~$ 25~~ $ 35	~~$ 25~~ $ 75
~~(c)~~ (d) Having $250,000 to $1,000,000 gross sales for the immediately previous license or fiscal year	~~$125~~ $200	$ 50	~~$ 50~~ $100
~~(d)~~ (e) Having ~~over~~ $1,000,000 to $5,000,000 gross sales for the immediately previous license or fiscal year	~~$250~~ $350	~~$ 75~~ $100	~~$100~~ $175
(f) Having $5,000,000 to $10,000,000 gross sales for the immediately previous license or fiscal year	$575	$150	$300
(g) Having over $10,000,000 gross sales for the immediately previous license or fiscal year	$600	$200	$350
2. Wholesale food handler			
(a) Having gross sales or service of less than $250,000 for the immediately previous license or fiscal year	~~$100~~ $200	~~$ 25~~ $ 50	~~$ 50~~ $100
(b) Having $250,000 to $1,000,000 gross sales or service for the immediately previous license or fiscal year	~~$150~~ $400	~~$ 38~~ $100	~~$ 75~~ $200
(c) Having ~~over~~ $1,000,000 to $5,000,000 gross sales or service for the immediately previous license or fiscal year	~~$200~~ $500	~~$ 50~~ $125	~~$100~~ $250

(d) Having over $5,000,000 gross sales for the immediately previous license or fiscal year	$575	$150	$300
3. Food broker	~~$ 75~~ $100	~~$ 25~~ $ 30	~~$ 25~~ $ 50
4. Wholesale food processor or manufacturer			
(a) Having gross sales of less than $250,000 for the immediately previous license or fiscal year	~~$200~~ $275	~~$ 50~~ $ 75	~~$ 75~~ $150
(b) Having $250,000 to $1,000,000 gross sales for the immediately previous license or fiscal year	~~$275~~ $400	~~$ 75~~ $100	~~$100~~ $200
(c) Having ~~over~~ $1,000,000 to $5,000,000 gross sales for the immediately previous license or fiscal year	~~$375~~ $500	~~$100~~ $125	~~$125~~ $250
(d) Having over $5,000,000 gross sales for the immediately previous license or fiscal year	$575	$150	$300
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 ~~of~~ or fiscal year	~~$100~~ $150	~~$ 25~~ $ 50	~~$ 38~~ $ 75
(b) Having $250,000 to $1,000,000 gross sales for the immediately previous license or fiscal year	~~$150~~ $225	~~$ 50~~ $ 75	~~$ 45~~ $125
(c) Having ~~over~~ $1,000,000 to $5,000,000 gross sales for the immediately previous license or fiscal year	~~$175~~ $275	~~$ 50~~ $ 75	~~$ 53~~ $150
(d) Having over $5,000,000 gross sales for the immediately previous license or fiscal year	$325	$100	$175

6. Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota farmstead cheese	$ 30	$ 10	$ 15
7. Nonresident frozen dairy manufacturer	$200	$ 50	$ 75

Sec. 15. Minnesota Statutes 1990, section 29.22, is amended to read:

29.22 [~~DEALERS~~ EGG HANDLERS ANNUAL INSPECTION FEE; DISPOSITION OF FEES.]

Subd. 2. [~~COMPUTATION;~~ FEE ~~SCHEDULE;~~ ~~RECORDS~~.] In addition to the annual ~~dealer's~~ food handler's license, required under section 28A.04, there ~~shall be~~ is an annual inspection fee applicable to every person who engages in the business of buying for resale, selling, ~~dealing,~~ or trading in eggs except a retail grocer who sells eggs previously candled and graded~~, such~~. The fee ~~to~~ must be computed on the basis of the number of cases of shell eggs handled at each place of business during the ~~month of April of each year, providing that if said dealer or processor is not operating during the month of April, the department shall estimate the volume of shell eggs handled, and may revise the fee after three months of operation. In the event that~~ highest volume month of each licensing year. If a given lot of eggs is moved from one location of business to a second location of business and ~~provided that~~ the ~~dealers'~~ food handler's license is held by the same person at both locations, the given lot of eggs ~~shall~~ must be counted in determining the volume of business on which the inspection fee is based at the first location of business but ~~shall~~ must not enter into the computation of volume of business for the second location. For the purpose of determining fees, ~~a case shall be~~ "case" means one of 30 dozen capacity. The schedule of fees ~~shall be~~ is as follows:

~~VOLUME (30 DOZEN CASES) IN APRIL MINIMUM – MAXIMUM FEE~~

HIGHEST VOLUME OF CASES EACH LICENSING YEAR	FEE	
1 – ~~100~~ 50	$ ~~5~~ – $ 10	
51 – 100	$ 25	
~~101~~ – 1000	$ ~~10~~ – $ ~~25~~	$ 50
1001 – 2000	$ ~~25~~ – $ ~~50~~	$ 75
2001 – 4000	$ ~~50~~ – $ ~~75~~	$100
4001 – 6000	$ ~~75~~ – $~~100~~	$125
6001 – 8000	$~~100~~ – $~~125~~	$150
8001 – 10,000	$~~125~~ – $~~150~~	$200
OVER 10,000	$~~150~~ – $~~200~~	$250

~~The commissioner shall fix the annual inspection fee within the limits set herein and may annually adjust the fee, as the commissioner deems necessary, within those limits, to more nearly meet the costs of inspection required to enforce the provisions of sections 29.21 to 29.28.~~ Each person subject to ~~such~~ the inspection fee in this section shall, under the direction of the commissioner, keep ~~such~~ records ~~as may be~~ necessary to accurately determine the volume of shell eggs on which the inspection fee is due and shall prepare annually a written report of ~~such~~ the volume upon forms supplied by the commissioner. This report, together with the required inspection fee, ~~shall~~ must be filed with the department on or before the last day of May of each year.

Subd. 3. [CANDLERS AND GRADERS.] The commissioner ~~shall have~~ has general supervisory powers over the candlers and graders of eggs and may conduct, in collaboration with the ~~institute~~ college of agriculture and the extension service of the University of Minnesota, an educational and training program to improve the efficiency and quality of the work done by ~~such~~ candlers.

Subd. 4. [EGG BREAKING ~~PLANTS.~~] Any person engaged in the business of breaking eggs for resale shall at all times comply with the rules of the department in respect to the conduct of ~~such~~ that business. The commissioner shall collect from each egg breaking plant laboratory fees for routine analysis and full reimbursement for services performed by a state inspector assigned to that plant on a continuous basis ~~as provided for in~~ under section 29.27.

Subd. 5. [~~DEPOSIT~~ DISPOSITION OF FEES; ~~APPROPRIATION.~~] All fees collected~~, together with~~ and all fines paid for ~~any~~ a violation ~~of any provision~~ of sections 29.21 to 29.28 or ~~any~~ rules promulgated ~~thereunder~~ under those sections, as well as all license fees and penalties ~~for late license renewal, shall~~ must be deposited in the state treasury, and ~~shall be~~ credited to a separate account to be known as the egg law inspection fund, which is hereby created, set aside, and appropriated as a revolving fund to be used by the department to help defray the expense of inspection, supervision, and enforcement of sections 29.21 to 29.28 and ~~shall be~~ is in addition to and not in substitution for the sums regularly appropriated or otherwise made available for this purpose to the department.

Sec. 16. Minnesota Statutes 1990, section 31.39, is amended to read:

31.39 [ASSESSMENTS; INSPECTION SERVICES; COMMERCIAL CANNERIES ACCOUNT.]

The commissioner is hereby authorized and directed to collect

from each commercial cannery an assessment for inspection and services furnished, and for maintaining a bacteriological laboratory and employing such bacteriologists and trained and qualified sanitarians as the commissioner may deem necessary. The assessment to be made on each commercial cannery, for each and every packing season, shall not exceed one-half cent per case on all foods packed, canned, or preserved therein, nor shall the assessment in any one calendar year to any one cannery exceed ~~$2,500~~ $3,000, and the minimum assessment to any cannery in any one calendar year shall be $100~~; provided, that the amount of the annual license fee collected under section 28A.08 shall be used to reduce the annual assessment for that year~~. The commissioner shall provide appropriate deductions from assessments for the net weight of meat, chicken, or turkey ingredients which have been inspected and passed for wholesomeness by the United States Department of Agriculture. The commissioner may, when the commissioner deems it advisable, graduate and reduce the assessment to such sum as is required to furnish the inspection and laboratory services rendered. The assessment made and the license fees, penalties, and other sums so collected shall be deposited in the state treasury, as other departmental receipts are deposited, but shall constitute a separate account to be known as the commercial canneries inspection account, which is hereby created, and together with moneys now remaining in said account, set aside, and appropriated as a revolving fund, to meet the expense of special inspection, laboratory and other services rendered, as provided in sections 31.31 to 31.392. The amount of such assessment shall be due and payable on or before December 31, of each year, and if not paid on or before February 15 following, shall bear interest after that date at the rate of seven percent per annum, and a penalty of ten percent on the amount of the assessment shall also be added and collected.

Sec. 17. Minnesota Statutes 1990, section 32.394, subdivision 8, is amended to read:

Subd. 8. [GRADE A INSPECTION FEES.] A processor or marketing organization of milk, milk products, sheep milk, or goat milk who wishes to market Grade A milk or use the Grade A label must apply for Grade A inspection service from the commissioner. 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~~ $50 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~~ $25 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 meet the cost of the service, the commissioner may annually adjust the assessments within the limits set in this subdivision.~~ The Grade A farm inspection fee must not exceed the lesser of (1) 40 percent of

the department's actual average cost per farm inspection or reinspection; or (2) the dollar limits set in this subdivision. No fee increase may be implemented until after the commissioner has held three or more public hearings.

Sec. 18. Minnesota Statutes 1990, 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 who wishes to market other than Grade A milk must apply for a manufacturing grade farm certification inspection from the commissioner. A manufacturing plant that pasteurizes milk or milk by-products 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~~ $25 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~~ a reinspection fee of no more than ~~$33~~ $25 must be paid by the processor or by the marketing organization on behalf of its patrons. The fee must be set by the commissioner in an amount necessary to ~~meet~~ cover 40 percent of the department's actual cost of providing the ~~service~~ annual inspection but must not exceed the limits in this subdivision. No fee increase may be implemented until after the commissioner has held three or more public hearings.

Sec. 19. Minnesota Statutes 1990, section 32.394, is amended by adding a subdivision to read:

Subd. 8d. [PROCESSOR ASSESSMENT.] (a) A manufacturer shall pay to the commissioner a fee for fluid milk processed and milk used in the manufacture of fluid milk products sold in Minnesota. Beginning July 1, 1991, the fee is five cents per hundredweight. If the commissioner determines that a different fee, not exceeding nine cents per hundredweight, when combined with general fund appropriations and fees charged under sections 17 and 18, is needed to provide adequate funding for the Grades A and B inspection programs, the commissioner may, by rule, change the fee on processors.

(b) Processors must report quantities of milk processed under paragraph (a) on forms provided by the commissioner. Processor fees must be paid monthly. The commissioner may require the production of records as necessary to determine compliance with this subdivision.

Sec. 20. [CONTINUED LEVEL OF DAIRY FARM INSPECTIONS.]

Minnesota consumers of milk and dairy foods benefit from adequate supplies of pure, healthful, wholesome products. On-farm inspections contribute to the consistently high quality of dairy products. The commissioner of agriculture must continue dairy farm inspections at a level no lower than 1990.

Sec. 21. Laws 1987, chapter 396, article 6, section 2, is amended to read:

Sec. 2. [17.107] [MINNESOTA GROWN MATCHING ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] The Minnesota grown matching account is established as a separate account in the state treasury. The account shall be administered by the commissioner of agriculture as provided in this section.

Subd. 2. [FUNDING SOURCES.] The Minnesota grown matching account shall consist of contributions from private sources and appropriations.

Subd. 3. [APPROPRIATIONS MUST BE MATCHED BY PRIVATE FUNDS.] ~~(a)~~ Appropriations to the Minnesota grown matching account may be expended only to the extent that they are matched with contributions to the account from private sources ~~as provided in paragraph (b) for fiscal years 1988 and 1989.~~

~~(b) Private contributions shall be matched~~ on a basis of ~~four dollars~~ $4 of the appropriation to each ~~one dollar~~ $1 of private contributions. Matching funds are not available after the appropriation is encumbered. ~~Private contributions made from January 1, 1987, until the end of fiscal year 1987 shall be matched by the appropriation for fiscal year 1988. Amounts that are not matched in fiscal year 1988 are available to be matched in fiscal year 1989.~~

Subd. 4. [EXPENDITURES.] The amount in the Minnesota grown matching account that is matched by private contributions and the private contributions are appropriated to the commissioner of agriculture for promotion of products using the Minnesota grown logo and labeling.

Sec. 22. [EFFECTIVE DATE.]

Section 13 is effective the day following final enactment and covers contracts for the 1991 crop year."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for environmental, natural resources, and agricultural purposes; regulating the amounts, impo-

sitions, and processing of various fees prescribed for various licenses issued and activities regulated by the departments of agriculture and natural resources; amending Minnesota Statutes 1990, sections 14.18; 16A.123, subdivision 5; 18.191; 18.46, subdivisions 6, 9, and by adding a subdivision; 18.49, subdivision 2; 18.51; 18.52, subdivisions 1 and 5; 18.54, subdivision 2; 18.55; 18.56; 18.57; 18.60; 27.19, subdivision 1; 28A.08; 29.22; 31.39; 32.394, subdivisions 8, 8b, and by adding a subdivision; 84.82, subdivisions 2 and 3; 84.944, subdivision 2; 84.96, subdivision 5; 85.012, by adding a subdivision; 85.015, by adding a subdivision; 85.22, subdivisions 1 and 2a; 86B.415, subdivisions 1, 2, 3, 4, 5, 6, and 7; 97A.075, subdivision 2; 97A.141, by adding a subdivision; 97A.325, subdivision 2; 97A.435, subdivision 2; 97A.475, subdivisions 2, 3, and 7; 97A.485, subdivision 7; 97B.301, by adding a subdivision; 97C.001, subdivision 3; 103B.321, subdivision 1; 116.07, subdivision 4d; 116.18, subdivision 2a; 116P.05; 116P.06; 116P.07; 116P.08, subdivisions 3 and 4; 116P.09, subdivisions 2, 4, 5, and 7; 168C.04, subdivision 1; and 473.844, subdivision 1a; Laws 1987, chapter 396, article 6, section 2; proposing coding for new law in Minnesota Statutes, chapter 88; repealing Minnesota Statutes 1990, sections 97B.721; and 116P.04, subdivision 5."

The motion prevailed and the amendment was adopted.

Battaglia, Stanius and Osthoff moved to amend S. F. No. 1533, as amended, as follows:

Page 45, after line 25, insert:

"Sec. 8. [84.967] [ECOLOGICALLY HARMFUL SPECIES; DEFINITION.]

For the purposes of sections 9 to 11, "ecologically harmful exotic species" means non-native aquatic plants or wild animals that can naturalize, have high propagation potential, are highly competitive for limiting factors, and cause displacement of, or otherwise threaten, native plants or native animals in their natural communities.

Sec. 9. [84.968] [ECOLOGICALLY HARMFUL EXOTIC SPECIES MANAGEMENT PLAN.]

By January 1, 1993, a long-term statewide ecologically harmful exotic species management plan must be prepared by the commissioner of natural resources and address the following:

(1) coordinated detection and prevention of accidental introductions;

(2) coordinated dissemination of information about ecologically

harmful exotic species among resource management agencies and organizations;

(3) a coordinated public awareness campaign regarding ecologically harmful exotic animals and aquatic plants;

(4) a process, where none exists, to designate and classify ecologically harmful exotic species into the following catagories:

(i) undesirable wild animals that must not be sold, propagated, possessed, or transported; and

(ii) undesirable aquatic exotic plants that must not be sold, propagated, possessed, or transported;

(5) coordination of control and eradication of ecologically harmful exotic species on public lands and public waters; and

(6) develop a list of exotic wild animal species intended for nonagricultural purposes, or propagation for release by state agencies or the private sector.

Sec. 10. [84.969] [COORDINATING PROGRAM, GRANTS, AND REGIONAL COOPERATION.]

Subdivision 1. [COORDINATING PROGRAM.] The commissioner of natural resources shall establish a statewide coordinating program to prevent and curb the spread of ecologically harmful exotic animals and aquatic plants.

Subd. 2. [GRANTS.] The coordinating program created in subdivision 1 may accept gifts, donations, and grants to accomplish its duties and must seek available federal grants through the federal Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990. A portion of these funds shall be used to implement the plan under section 9.

Subd. 3. [REGIONAL COOPERATION.] The governor may cooperate, individually and regionally, with other state governors in the midwest for the purposes of ecologically harmful exotic species management and control.

Sec. 11. [84.9691] [RULEMAKING.]

The commissioner of natural resources may adopt rules, including emergency rules, to restrict the introduction, propagation, use, possession, and spread of ecologically harmful exotic animals and aquatic plants in the state."

Page 65, line 28, before "Sections" insert:

"Sections 8 to 11 are effective the day following final enactment."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Rukavina moved to amend S. F. No. 1533, as amended, as follows:

Page 54, after line 13, insert:

"Sec. 34. Minnesota Statutes 1990, section 103G.271, subdivision 6, is amended to read:

Subd. 6. [WATER USE PERMIT PROCESSING FEE.] (a) Except as described in paragraphs (b) to (e), a water use permit processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) 0.05 cents per 1,000 gallons for the first 50,000,000 gallons per year;

(2) 0.10 cents per 1,000 gallons for amounts greater than 50,000,000 gallons but less than 100,000,000 gallons per year;

(3) 0.15 cents per 1,000 gallons for amounts greater than 100,000,000 gallons but less than 150,000,000 gallons per year; and

(4) 0.20 cents per 1,000 gallons for amounts greater than 150,000,000 gallons but less than 200,000,000 gallons per year;

(5) 0.25 cents per 1,000 gallons for amounts greater than 200,000,000 gallons but less than 250,000,000 gallons per year;

(6) 0.30 cents per 1,000 gallons for amounts greater than 250,000,000 gallons but less than 300,000,000 gallons per year;

(7) 0.35 cents per 1,000 gallons for amounts greater than 300,000,000 gallons but less than 350,000,000 gallons per year;

(8) 0.40 cents per 1,000 gallons for amounts greater than 350,000,000 gallons but less than 400,000,000 gallons per year; and

(9) 0.45 cents per 1,000 gallons for amounts greater than 400,000,000 gallons per year.

(b) For once-through cooling systems, a water use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) for nonprofit corporations and school districts:

(i) 5.0 cents per 1,000 gallons until December 31, 1991;

(ii) 10.0 cents per 1,000 gallons from January 1, 1992, until December 31, 1996; and

(iii) 15.0 cents per 1,000 gallons after January 1, 1997; and

(2) for all other users after January 1, 1990, 20 cents per 1,000 gallons.

(c) The fee is payable based on the amount of water appropriated during the year and in no case may the fee be less than $50. The commissioner shall notify all permittees of the fee changes authorized by this law by July 1, 1990. The commissioner is authorized to refund 1989 water use report processing fees under this subdivision.

(d) For water use processing fees other than once-through cooling systems:

(1) the fee for a city of the first class may not exceed $175,000 per year;

(2) the fee for other entities for any permitted use may not exceed:

(i) $35,000 per year for an entity holding three or fewer permits;

(ii) $50,000 per year for an entity holding four or five permits;

(iii) $175,000 per year for an entity holding more than five permits;

(3) the fee for agricultural irrigation may not exceed $750 per year; and

(4) the fee for a municipality that furnishes electric service and cogenerates steam for home heating may not exceed $10,000 for its permit for water use related to the cogeneration of electricity and steam.

(e) Failure to pay the fee is sufficient cause for revoking a permit. A fee may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal governmental agency holding a water appropriation permit.

(f) For once-through systems fees payable after July 1, 1993, at least 50 percent of the fee deposited in the general fund shall be used for grants, loans, or other financial assistance as appropriated by the legislature to assist in financing retrofitting of permitted once-through systems until December 31, 1999. The commissioner shall adopt rules for determining eligibility and criteria for the issuance of grants, loans, or other financial assistance for retrofitting according to chapter 14, by July 1, 1993.

(g) This subdivision applies to permits issued or effective on or after January 1, 1990."

A roll call was requested and properly seconded.

The question was taken on the Rukavina amendment and the roll was called. There were 59 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dorn	Jaros	McEachern	Rodosovich
Anderson, R. H.	Farrell	Jefferson	McPherson	Rukavina
Bauerly	Frerichs	Johnson, A.	Milbert	Sarna
Beard	Garcia	Johnson, R.	Nelson, S.	Seaberg
Begich	Goodno	Kelso	O'Connor	Steensma
Blatz	Gutknecht	Kinkel	Onnen	Thompson
Bodahl	Hanson	Krinkie	Ozment	Tompkins
Carruthers	Hartle	Lasley	Pellow	Vellenga
Clark	Hasskamp	Lieder	Peterson	Welker
Dauner	Heir	Lourey	Reding	Wenzel
Davids	Jacobs	Lynch	Rest	Winter
Dawkins	Janezich	Mariani	Rice	

Those who voted in the negative were:

Abrams	Girard	Leppik	Omann	Stanius
Anderson, R.	Gruenes	Limmer	Orfield	Sviggum
Battaglia	Haukoos	Long	Osthoff	Swenson
Bertram	Hausman	Macklin	Ostrom	Trimble
Bettermann	Henry	Marsh	Pauly	Uphus
Bishop	Hufnagle	McGuire	Pelowski	Valento
Boo	Hugoson	Morrison	Runbeck	Wagenius
Brown	Jennings	Munger	Schafer	Waltman
Carlson	Johnson, V.	Murphy	Scheid	Weaver
Cooper	Kahn	Nelson, K.	Segal	Wejcman
Dempsey	Kalis	Newinski	Simoneau	Welle
Dille	Knickerbocker	Olsen, S.	Skoglund	Spk. Vanasek
Erhardt	Koppendrayer	Olson, E.	Smith	
Frederick	Krueger	Olson, K.	Sparby	

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

Davids moved to amend S. F. No. 1533, as amended, as follows:

Page 9, after line 51, insert a new paragraph to read:

"$50,000 for both years of the biennium are for land acquisition for the Camp Creek trail system between Harmony and Preston for biking, hiking and cross-country skiing."

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

Johnson, R.; Rukavina; Onnen; Begich; Schafer; McEachern and Bauerly moved to amend S. F. No. 1533, as amended, as follows:

Page 46, delete lines 29 to 36

Page 47, delete lines 1 to 36

Page 48, delete lines 1 and 2

Page 65, delete lines 27 and 28

A roll call was requested and properly seconded.

The question was taken on the Johnson, R., et al amendment and the roll was called. There were 68 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dorn	Jennings	McPherson	Seaberg
Anderson, R. H.	Erhardt	Johnson, R.	Morrison	Smith
Bauerly	Frederick	Kelso	Nelson, S.	Steensma
Beard	Frerichs	Kinkel	O'Connor	Sviggum
Begich	Goodno	Knickerbocker	Ogren	Swenson
Bertram	Gruenes	Koppendrayer	Olsen, S.	Thompson
Bettermann	Gutknecht	Krinkie	Olson, E.	Tompkins
Blatz	Hanson	Lasley	Onnen	Uphus
Carruthers	Hartle	Limmer	Pellow	Waltman
Cooper	Hasskamp	Lourey	Peterson	Weaver
Dauner	Haukoos	Lynch	Rukavina	Welker
Davids	Henry	Macklin	Sarna	Winter
Dempsey	Hufnagle	Marsh	Schafer	
Dille	Jaros	McEachern	Schreiber	

Those who voted in the negative were:

Abrams	Brown	Garcia	Hugoson	Johnson, V.
Anderson, R.	Carlson	Girard	Jacobs	Kahn
Battaglia	Clark	Greenfield	Janezich	Krueger
Bodahl	Dawkins	Hausman	Jefferson	Leppik
Boo	Farrell	Heir	Johnson, A.	Lieder

Long	Omann	Pugh	Segal	Tunheim
Mariani	Orenstein	Reding	Simoneau	Valento
McGuire	Orfield	Rest	Skoglund	Vellenga
Murphy	Osthoff	Rice	Solberg	Wagenius
Nelson, K.	Ostrom	Rodosovich	Sparby	Wejcman
Newinski	Ozment	Runbeck	Stanius	Wenzel
Olson, K.	Pauly	Scheid	Trimble	Spk. Vanasek

The motion prevailed and the amendment was adopted.

Reding moved to amend S. F. No. 1533, as amended, as follows:

Page 53, delete lines 17 to 25

Renumber the sections in sequence

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

The Speaker called Rodosovich to the Chair.

Heir, Lynch, Davids and Bettermann offered an amendment to S. F. No. 1533, as amended.

Anderson, I., requested a division of the Heir et al amendment to S. F. No. 1533, as amended.

The first portion of the Heir et al amendment to S. F. No. 1533, as amended, reads as follows:

Page 9, delete lines 14 to 26 and insert:

"None of the appropriation in this section may be used to operate pumping facilities at Hill Annex Mine."

A roll call was requested and properly seconded.

The question was taken on the first portion of the Heir et al amendment and the roll was called. There were 40 yeas and 87 nays as follows:

Those who voted in the affirmative were:

Anderson, R. H.	Frerichs	Hufnagle	Limmer	Pellow
Bettermann	Goodno	Hugoson	Lynch	Runbeck
Blatz	Gruenes	Knickerbocker	Morrison	Schafer
Davids	Hartle	Koppendrayer	Newinski	Schreiber
Dempsey	Haukoos	Krinkie	Onnen	Seaberg
Erhardt	Heir	Krueger	Ostrom	Stanius
Frederick	Henry	Leppik	Pauly	Sviggum

Swenson	Tompkins	Valento	Waltman	Welker

Those who voted in the negative were:

Abrams	Dorn	Lasley	Olson, E.	Smith
Anderson, I.	Farrell	Lieder	Olson, K.	Solberg
Anderson, R.	Garcia	Long	Omann	Steensma
Battaglia	Girard	Lourey	Orenstein	Thompson
Bauerly	Greenfield	Macklin	Orfield	Trimble
Beard	Hanson	Mariani	Ozment	Tunheim
Begich	Hasskamp	Marsh	Pelowski	Uphus
Bertram	Hausman	McEachern	Peterson	Vellenga
Bodahl	Jacobs	McGuire	Pugh	Wagenius
Boo	Janezich	McPherson	Reding	Weaver
Brown	Jefferson	Milbert	Rest	Wejcman
Carlson	Jennings	Munger	Rice	Welle
Carruthers	Johnson, A.	Murphy	Rodosovich	Wenzel
Clark	Johnson, R.	Nelson, K.	Rukavina	Winter
Cooper	Kahn	Nelson, S.	Sarna	Spk. Vanasek
Dauner	Kalis	O'Connor	Scheid	
Dawkins	Kelso	Ogren	Segal	
Dille	Kinkel	Olsen, S.	Simoneau	

The motion did not prevail and the first portion of the Heir et al amendment was not adopted.

The second portion of the Heir et al amendment to S. F. No. 1533, as amended, reads as follows:

Page 10, line 23, delete "$1,467,000" and insert "$1,617,000"

Page 10, line 24, delete "$1,704,000" and insert "$1,854,000"

A roll call was requested and properly seconded.

The question was taken on the second portion of the Heir et al amendment and the roll was called. There were 32 yeas and 98 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Krinkie	Olsen, S.	Stanius
Anderson, R. H.	Goodno	Krueger	Onnen	Steensma
Blatz	Gruenes	Leppik	Osthoff	Swenson
Davids	Heir	Limmer	Ostrom	Tompkins
Erhardt	Henry	Lynch	Pauly	
Farrell	Hufnagle	Marsh	Pellow	
Frederick	Kinkel	Morrison	Schafer	

Those who voted in the negative were:

Anderson, I.	Begich	Brown	Dauner	Girard
Anderson, R.	Bertram	Carlson	Dawkins	Greenfield
Battaglia	Bettermann	Carruthers	Dille	Gutknecht
Bauerly	Bodahl	Clark	Dorn	Hanson
Beard	Boo	Cooper	Garcia	Hartle

Hasskamp	Koppendrayer	O'Connor	Rukavina	Tunheim
Haukoos	Lasley	Ogren	Runbeck	Uphus
Hausman	Lieder	Olson, E.	Sarna	Valento
Hugoson	Long	Olson, K.	Scheid	Vellenga
Jacobs	Lourey	Omann	Schreiber	Wagenius
Janezich	Mariani	Orenstein	Seaberg	Waltman
Jaros	McEachern	Orfield	Segal	Weaver
Jefferson	McGuire	Ozment	Simoneau	Wejcman
Jennings	McPherson	Pelowski	Skoglund	Welker
Johnson, A.	Milbert	Peterson	Smith	Welle
Johnson, R.	Munger	Pugh	Solberg	Wenzel
Kahn	Murphy	Reding	Sparby	Winter
Kalis	Nelson, K.	Rest	Sviggum	Spk. Vanasek
Kelso	Nelson, S.	Rice	Thompson	
Knickerbocker	Newinski	Rodosovich	Trimble	

The motion did not prevail and the second portion of the Heir et al amendment was not adopted.

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

Dauner; Dille; Bertram; Nelson, S.; Uphus; Cooper and Peterson moved to amend S. F. No. 1533, as amended, as follows:

Page 2, line 10, delete the numbers and insert "142,432,500 140,146,500 282,579,000"

Page 15, line 2, delete the numbers and insert "209 209"

Page 15, line 7, delete the numbers and insert "11,689,000 11,681,000"

Page 15, line 14, delete the numbers and insert "4,816,000 4,806,000"

Page 15, after line 22, insert:

"The complement for the food inspection services program in each year of the biennium does not increase but remains the same as during fiscal year 1991."

Page 73, line 31, after the period insert "If the commissioner determines that fees and penalties set in this section exceed the department's actual costs, including reasonable administrative costs, for providing inspection services to food handlers, the commissioner shall reduce the license fees proportionately to the level at which revenues match costs."

A roll call was requested and properly seconded.

The question was taken on the Dauner et al amendment and the roll was called. There were 52 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Davids	Johnson, R.	Olson, E.	Thompson
Anderson, R.	Dawkins	Kelso	Onnen	Uphus
Anderson, R. H.	Dille	Knickerbocker	Ostrom	Valento
Bauerly	Dorn	Krinkie	Peterson	Vellenga
Bertram	Goodno	Krueger	Reding	Waltman
Bettermann	Gruenes	Lasley	Runbeck	Welker
Bishop	Gutknecht	Lourey	Sarna	Welle
Bodahl	Hanson	Mariani	Schafer	Winter
Brown	Haukoos	McEachern	Smith	
Cooper	Heir	Nelson, S.	Steensma	
Dauner	Jennings	Newinski	Sviggum	

Those who voted in the negative were:

Abrams	Hartle	Limmer	Orfield	Solberg
Battaglia	Hausman	Long	Osthoff	Sparby
Begich	Henry	Lynch	Ozment	Stanius
Blatz	Hufnagle	Macklin	Pauly	Swenson
Boo	Hugoson	Marsh	Pellow	Tompkins
Carlson	Jacobs	McGuire	Pelowski	Trimble
Carruthers	Jaros	McPherson	Pugh	Tunheim
Clark	Jefferson	Milbert	Rice	Wagenius
Dempsey	Johnson, A.	Morrison	Rodosovich	Weaver
Erhardt	Johnson, V.	Munger	Rukavina	Wejcman
Farrell	Kahn	Murphy	Scheid	Wenzel
Frederick	Kalis	Nelson, K.	Schreiber	Spk. Vanasek
Frerichs	Kinkel	Olsen, S.	Seaberg	
Garcia	Koppendrayer	Olson, K.	Segal	
Girard	Leppik	Omann	Simoneau	
Greenfield	Lieder	Orenstein	Skoglund	

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

The Speaker resumed the Chair.

MOTION FOR RECONSIDERATION

Jaros moved that the vote whereby the Johnson, R., et al amendment to S. F. No. 1533, as amended, which was adopted earlier today be now reconsidered.

A roll call was requested and properly seconded.

The question was taken on the Jaros motion and the roll was called. There were 72 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Abrams	Anderson, R.	Battaglia	Bishop	Bodahl

Boo	Hartle	McGuire	Peterson	Steensma
Carlson	Haukoos	Morrison	Pugh	Swenson
Cooper	Hausman	Munger	Rest	Thompson
Dauner	Heir	Murphy	Rice	Trimble
Davids	Hugoson	Nelson, S.	Rodosovich	Tunheim
Dawkins	Jaros	Newinski	Runbeck	Valento
Dorn	Johnson, A.	Olson, K.	Scheid	Wagenius
Frederick	Johnson, V.	Omann	Schreiber	Waltman
Garcia	Kahn	Orenstein	Segal	Wejcman
Girard	Kalis	Orfield	Simoneau	Wenzel
Goodno	Koppendrayer	Osthoff	Skoglund	Spk. Vanasek
Greenfield	Krueger	Ostrom	Solberg	
Gruenes	Lieder	Ozment	Sparby	
Gutknecht	Long	Pauly	Stanius	

Those who voted in the negative were:

Anderson, I.	Frerichs	Knickerbocker	McPherson	Sarna
Anderson, R. H.	Hanson	Krinkie	Milbert	Schafer
Bauerly	Hasskamp	Lasley	Nelson, K.	Seaberg
Begich	Henry	Leppik	O'Connor	Smith
Bertram	Hufnagle	Limmer	Ogren	Sviggum
Bettermann	Jacobs	Lourey	Olsen, S.	Tompkins
Brown	Jefferson	Lynch	Olson, E.	Uphus
Dempsey	Jennings	Macklin	Onnen	Vellenga
Dille	Johnson, R.	Mariani	Pellow	Weaver
Erhardt	Kelso	Marsh	Pelowski	Welker
Farrell	Kinkel	McEachern	Rukavina	Welle

The motion prevailed.

The Johnson, R., et al amendment to S. F. No. 1533, as amended, was reported to the House.

Johnson, R.; Rukavina; Onnen; Begich; Schafer; McEachern and Bauerly moved to amend S. F. No. 1533, as amended, as follows:

Page 46, delete lines 29 to 36

Page 47, delete lines 1 to 36

Page 48, delete lines 1 and 2

Page 65, delete lines 27 and 28

A roll call was requested and properly seconded.

The question was taken on the Johnson, R., et al amendment and the roll was called. There were 83 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Begich	Blatz	Carlson	Davids
Anderson, R. H.	Bertram	Bodahl	Cooper	Dempsey
Bauerly	Bettermann	Brown	Dauner	Dille

Dorn	Jennings	McPherson	Peterson	Swenson
Erhardt	Johnson, R.	Milbert	Pugh	Thompson
Farrell	Kelso	Nelson, S.	Reding	Tompkins
Frerichs	Kinkel	Newinski	Rodosovich	Tunheim
Goodno	Knickerbocker	O'Connor	Rukavina	Uphus
Gruenes	Koppendrayer	Ogren	Runbeck	Valento
Gutknecht	Krinkie	Olsen, S.	Sarna	Waltman
Hanson	Lasley	Olson, E.	Schafer	Weaver
Hartle	Limmer	Olson, K.	Schreiber	Welker
Hasskamp	Lourey	Onnen	Segal	Welle
Haukoos	Lynch	Orenstein	Smith	Wenzel
Henry	Macklin	Ostrom	Solberg	Winter
Hufnagle	Marsh	Pellow	Sparby	
Janezich	McEachern	Pelowski	Sviggum	

Those who voted in the negative were:

Abrams	Girard	Kahn	Murphy	Simoneau
Anderson, R.	Greenfield	Kalis	Nelson, K.	Skoglund
Battaglia	Hausman	Krueger	Omann	Stanius
Bishop	Heir	Leppik	Orfield	Trimble
Boo	Hugoson	Lieder	Osthoff	Vellenga
Carruthers	Jacobs	Long	Ozment	Wagenius
Clark	Jaros	Mariani	Pauly	Wejcman
Dawkins	Jefferson	McGuire	Rice	Spk. Vanasek
Frederick	Johnson, A.	Morrison	Scheid	
Garcia	Johnson, V.	Munger	Seaberg	

The motion prevailed and the amendment was adopted.

S. F. No. 1533, A bill for an act relating to the organization and operation of state government; appropriating money for the protection of the state's environment and natural resources; amending Minnesota Statutes 1990, sections 14.18; 41A.09, subdivision 3; 85A.02, subdivision 17; 103B.321, subdivision 1; and 116P.11.

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

The question was taken on the passage of the bill and the roll was called. There were 108 yeas and 25 nays as follows:

Those who voted in the affirmative were:

Abrams	Cooper	Henry	Lasley	Murphy
Anderson, I.	Dawkins	Hufnagle	Leppik	Nelson, K.
Anderson, R.	Dille	Hugoson	Lieder	Nelson, S.
Battaglia	Dorn	Jacobs	Limmer	Newinski
Bauerly	Erhardt	Janezich	Long	O'Connor
Begich	Farrell	Jaros	Lourey	Ogren
Bertram	Frederick	Jefferson	Lynch	Olsen, S.
Bishop	Garcia	Johnson, A.	Macklin	Olson, K.
Blatz	Girard	Johnson, V.	Mariani	Omann
Bodahl	Greenfield	Kahn	Marsh	Onnen
Boo	Hanson	Kalis	McGuire	Orenstein
Carlson	Hasskamp	Kelso	Milbert	Orfield
Carruthers	Hausman	Knickerbocker	Morrison	Osthoff
Clark	Heir	Krueger	Munger	Ostrom

Ozment	Rodosovich	Smith	Tompkins	Weaver
Pauly	Rukavina	Solberg	Trimble	Wejcman
Pelowski	Runbeck	Sparby	Tunheim	Welle
Peterson	Scheid	Stanius	Uphus	Wenzel
Pugh	Schreiber	Steensma	Valento	Winter
Reding	Segal	Sviggum	Vellenga	Spk. Vanasek
Rest	Simoneau	Swenson	Wagenius	
Rice	Skoglund	Thompson	Waltman	

Those who voted in the negative were:

Anderson, R. H.	Dempsey	Hartle	Koppendrayer	Pellow
Bettermann	Frerichs	Haukoos	Krinkie	Sarna
Brown	Goodno	Jennings	McEachern	Schafer
Dauner	Gruenes	Johnson, R.	McPherson	Seaberg
Davids	Gutknecht	Kinkel	Olson, E.	Welker

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

CONSENT CALENDAR

S. F. No. 1074, A bill for an act relating to the city of Mankato; authorizing the city to annex uncontiguous territory to the city.

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

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Goodno	Krinkie	Omann	Solberg
Anderson, I.	Greenfield	Krueger	Onnen	Sparby
Anderson, R. H.	Gruenes	Lasley	Orenstein	Stanius
Battaglia	Gutknecht	Leppik	Orfield	Steensma
Bauerly	Hanson	Lieder	Osthoff	Sviggum
Begich	Hartle	Limmer	Ostrom	Swenson
Bertram	Hasskamp	Long	Ozment	Thompson
Bettermann	Haukoos	Lourey	Pauly	Tompkins
Blatz	Hausman	Lynch	Pellow	Trimble
Bodahl	Heir	Macklin	Pelowski	Tunheim
Boo	Henry	Mariani	Peterson	Uphus
Brown	Hufnagle	Marsh	Pugh	Valento
Carlson	Hugoson	McEachern	Reding	Vellenga
Carruthers	Jacobs	McGuire	Rest	Wagenius
Clark	Janezich	McPherson	Rice	Waltman
Cooper	Jaros	Milbert	Rodosovich	Weaver
Dauner	Jefferson	Morrison	Rukavina	Wejcman
Davids	Jennings	Munger	Runbeck	Welker
Dawkins	Johnson, A.	Murphy	Sarna	Welle
Dempsey	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dille	Johnson, V.	Nelson, S.	Scheid	Winter
Dorn	Kahn	Newinski	Schreiber	Spk. Vanasek
Erhardt	Kalis	O'Connor	Seaberg	
Farrell	Kelso	Ogren	Segal	
Frerichs	Kinkel	Olsen, S.	Simoneau	
Garcia	Knickerbocker	Olson, E.	Skoglund	
Girard	Koppendrayer	Olson, K.	Smith	

Those who voted in the negative were:

Frederick

The bill was passed and its title agreed to.

S. F. No. 593, A bill for an act relating to railroads; authorizing reimbursement by landowners for certain costs; requiring access over railroad right-of-way to adjoining properties; amending Minnesota Statutes 1990, section 219.35.

The bill was read for 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:

Abrams	Frederick	Kalis	Ogren	Segal
Anderson, I.	Frerichs	Kelso	Olsen, S.	Simoneau
Anderson, R.	Garcia	Kinkel	Olson, E.	Skoglund
Anderson, R. H.	Girard	Knickerbocker	Olson, K.	Smith
Battaglia	Goodno	Koppendrayer	Omann	Solberg
Bauerly	Greenfield	Krinkie	Onnen	Sparby
Begich	Gruenes	Krueger	Orenstein	Stanius
Bertram	Gutknecht	Lasley	Orfield	Steensma
Bettermann	Hanson	Leppik	Osthoff	Sviggum
Bishop	Hartle	Lieder	Ostrom	Swenson
Blatz	Hasskamp	Limmer	Ozment	Thompson
Bodahl	Haukoos	Long	Pauly	Tompkins
Boo	Hausman	Lourey	Pellow	Trimble
Brown	Heir	Lynch	Pelowski	Tunheim
Carlson	Henry	Macklin	Peterson	Uphus
Carruthers	Hufnagle	Mariani	Pugh	Valento
Clark	Hugoson	Marsh	Reding	Vellenga
Cooper	Jacobs	McGuire	Rest	Wagenius
Dauner	Janezich	McPherson	Rice	Waltman
Davids	Jaros	Milbert	Rodosovich	Weaver
Dawkins	Jefferson	Morrison	Rukavina	Wejcman
Dempsey	Jennings	Munger	Runbeck	Welker
Dille	Johnson, A.	Murphy	Schafer	Wenzel
Dorn	Johnson, R.	Nelson, K.	Scheid	Winter
Erhardt	Johnson, V.	Nelson, S.	Schreiber	Spk. Vanasek
Farrell	Kahn	Newinski	Seaberg	

The bill was passed and its title agreed to.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Simoneau requested immediate consideration of H. F. No. 53.

H. F. No. 53 was reported to the House.

Carlson moved to amend H. F. No. 53, the first engrossment, as follows:

Page 67, after line 16, insert:

"Sec. 4. Technical Colleges

Subdivision 1. To the state board of technical colleges for the purposes specified in this section $ 1,393,000

The state board shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Notwithstanding Minnesota Statutes, section 136C.44, during the biennium the state board of technical colleges must not make grants to school districts but shall directly supervise and control the preparation of plans and specifications to construct, alter, or enlarge the technical college buildings and structures, and for improvements provided in this section.

During the biennium, the state board of technical colleges shall advertise for bids and award contracts in connection with the improvements, 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.

During the biennium, the state board may delegate the authority provided in this section to the campus president for capital repair and replacement projects with a total cost of less than $50,000, if the state board determines that the projects can be efficiently managed at the campus level.

Plans must be paid for out of this appropriation. The remainder of the appropriation must not be spent until the board has secured suitable plans and specifications, prepared by a competent architect or engineer. The plans and specifications must be accompanied by a detailed statement of the cost, quality, and description of all material and labor required for the completion of the work. No plan may be adopted, no improvement made, and no building constructed that entails the expenditure of more money than the appropriation for the project, unless otherwise provided in this article.

The state board of technical colleges may delegate responsibilities under this section to technical college staff.

Subd. 2. Capital Improvements $ 1,393,000

This appropriation is for capital improvement grants to school districts for life safety projects at technical college campuses, including fuel tank removal and replacement, PCB removal, asbestos removal, handicapped access, emergency lighting, steam pipes, and capital code compliance. In the event that the state board spends any of this appropriation on fuel tanks, the board shall report on its reimbursement efforts to the appropriations and finance committees.

Sec. 5. Community Colleges

Subdivision 1. To the commissioner of administration for the purposes specified in this section $ 2,575,000

Notwithstanding Minnesota Statutes, section 16B.24, subdivision 2, the state board for community colleges shall supervise and control necessary capital repairs to all community college buildings and structures during the biennium.

The state board shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Subd. 2. Systemwide Capital Improvements $ 2,575,000

This appropriation is for capital improvements at community colleges for life safety projects and continued maintenance requirements, including code compliance, handicapped access, improving mechanical systems, heating and ventilation, energy management upgrading, replacing water mains, paving parking surfaces, and emergency lighting.

Sec. 6. State Universities

Subdivision 1. To the state university board for the purposes specified in this section $ 5,155,000

Notwithstanding Minnesota Statutes, sections 16B.30 and 16B.31, during the biennium, the state university board shall supervise and control the preparation of plans and specifications for the construction, alteration, or enlargement of state university buildings and structures, and for improvements provided in this section. The board shall advertise for bids and award contracts in connection with the improvements, 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.

Plans must be paid for out of this appropriation. The remainder of the appropriation must not be spent until the board has secured suitable plans and specifications, prepared by a competent architect or engineer. The plans and specifications must be accompa-

nied by a detailed statement of the cost, quality, and description of all material and labor required for the completion of the work. No plan may be adopted, no improvement made, and no building constructed that entails the expenditure of more money than the appropriation for the project, unless otherwise provided in this article.

The board shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Notwithstanding Minnesota Statutes, section 16B.24, subdivision 2, the state university board shall supervise and control necessary repairs to all state university buildings and structures during the biennium.

Subd. 2. Systemwide Capital Improvements $ 215,000

This appropriation is for capital improvements on state university campuses for hazardous materials abatement.

Subd. 3. Mankato Campus $ 1,340,000

This appropriation is for utility tunnel upgrade.

Subd. 4. Moorhead Campus $ 3,600,000

This appropriation is to rehabilitate the heating plant, restore the heating system, and enable it to meet future steam demands in accord with a recent engineering study.

Sec. 7. University of Minnesota

Subdivision 1. To the regents of the University of Minnesota for the purposes specified in this section $ 1,925,000

The regents shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Subd. 2. Systemwide Capital Improvements $ 1,925,000

This appropriation is for capital improvements on University of Minnesota campuses for life safety projects, including code compliance, handicapped access, fuel tank removal and replacement, and asbestos removal. In the event that the board of regents spends any of this appropriation on fuel tanks, the board shall report on its reimbursement efforts to the appropriations and finance committees."

Renumber the remaining sections

Page 67, line 52, delete "$1,400,000" and insert "$12,448,000"

Page 68, line 21, delete "6" and insert "10"

The question was taken on the Carlson amendment and the roll was called. There were 128 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kalis	Nelson, K.	Runbeck
Anderson, I.	Frerichs	Kelso	Nelson, S.	Sarna
Anderson, R.	Garcia	Kinkel	Newinski	Schafer
Anderson, R. H.	Girard	Knickerbocker	O'Connor	Scheid
Battaglia	Goodno	Koppendrayer	Ogren	Schreiber
Bauerly	Greenfield	Krinkie	Olsen, S.	Seaberg
Begich	Gruenes	Krueger	Olson, E.	Segal
Bertram	Gutknecht	Lasley	Olson, K.	Simoneau
Bettermann	Hanson	Leppik	Omann	Skoglund
Blatz	Hartle	Lieder	Onnen	Smith
Bodahl	Hasskamp	Limmer	Orenstein	Solberg
Boo	Haukoos	Long	Orfield	Sparby
Brown	Hausman	Lourey	Osthoff	Stanius
Carlson	Heir	Lynch	Ostrom	Steensma
Carruthers	Henry	Macklin	Ozment	Sviggum
Clark	Hufnagle	Mariani	Pauly	Swenson
Cooper	Hugoson	Marsh	Pellow	Thompson
Dauner	Jacobs	McEachern	Pelowski	Tompkins
Davids	Janezich	McGuire	Peterson	Trimble
Dawkins	Jefferson	McPherson	Pugh	Tunheim
Dempsey	Johnson, A.	Milbert	Reding	Uphus
Dille	Johnson, R.	Morrison	Rest	Valento
Dorn	Johnson, V.	Munger	Rice	Vellenga
Farrell	Kahn	Murphy	Rodosovich	Wagenius

Waltman	Wejcman	Welle	Winter
Weaver	Welker	Wenzel	Spk. Vanasek

Those who voted in the negative were:

Erhardt

The motion prevailed and the amendment was adopted.

The Speaker called Krueger to the Chair.

Seaberg moved to amend H. F. No. 53, the first engrossment, as amended, as follows:

Page 11, line 16, delete "15,504,000" and insert "15,629,000" and delete "15,526,000" and insert "15,641,000"

Page 11, after line 19, insert:

"Highway User 125,000 125,000"

Page 23, delete section 28

Page 27, delete section 37

Renumber the sections in sequence

Correct internal references

Adjust the totals accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Seaberg amendment and the roll was called. There were 49 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Henry	Macklin	Runbeck
Anderson, R. H.	Frerichs	Hufnagle	Marsh	Schafer
Bettermann	Girard	Hugoson	McPherson	Schreiber
Bishop	Goodno	Johnson, V.	Morrison	Seaberg
Blatz	Gruenes	Koppendrayer	Newinski	Smith
Boo	Gutknecht	Krinkie	Olsen, S.	Stanius
Davids	Hartle	Leppik	Omann	Sviggum
Dempsey	Haukoos	Limmer	Ozment	Swenson
Dille	Heir	Lynch	Pellow	Tompkins

Uphus	Valento	Weaver	Welker	

Those who voted in the negative were:

Anderson, I.	Garcia	Krueger	Onnen	Simoneau
Anderson, R.	Greenfield	Lasley	Orenstein	Skoglund
Battaglia	Hanson	Lieder	Orfield	Solberg
Bauerly	Hasskamp	Long	Osthoff	Sparby
Begich	Hausman	Lourey	Ostrom	Steensma
Bertram	Jacobs	McEachern	Pelowski	Thompson
Bodahl	Janezich	McGuire	Peterson	Trimble
Brown	Jaros	Milbert	Pugh	Tunheim
Carlson	Jefferson	Munger	Reding	Vellenga
Carruthers	Jennings	Murphy	Rest	Wagenius
Clark	Johnson, A.	Nelson, K.	Rice	Waltman
Cooper	Johnson, R.	Nelson, S.	Rodosovich	Wejcman
Dauner	Kahn	O'Connor	Rukavina	Welle
Dawkins	Kalis	Ogren	Sarna	Wenzel
Dorn	Kelso	Olson, E.	Scheid	Winter
Farrell	Kinkel	Olson, K.	Segal	Spk. Vanasek

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

Runbeck, Frederick, Swenson, McPherson, Newinski and Tompkins moved to amend H. F. No. 53, the first engrossment, as amended, as follows:

Page 13, delete line 26 and insert:

	"712,000	712,000
	Summary by Fund	
General	587,000	587,000
Highway User	125,000	125,000"

Page 23, delete section 28

Page 27, delete section 37

Correct the totals

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 Runbeck et al amendment and the roll was called. There were 50 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Abrams	Goodno	Johnson, V.	McPherson	Seaberg
Bettermann	Gruenes	Kinkel	Morrison	Smith
Blatz	Gutknecht	Knickerbocker	Newinski	Stanius
Boo	Haukoos	Koppendrayer	Olsen, S.	Sviggum
Davids	Heir	Krinkie	Omann	Swenson
Dempsey	Henry	Leppik	Ozment	Tompkins
Erhardt	Hufnagle	Limmer	Pellow	Valento
Frederick	Hugoson	Lynch	Runbeck	Weaver
Frerichs	Jennings	Macklin	Schafer	Welker
Girard	Johnson, R.	Marsh	Schreiber	Wenzel

Those who voted in the negative were:

Anderson, I.	Farrell	Lasley	Onnen	Simoneau
Anderson, R.	Garcia	Lieder	Orenstein	Skoglund
Battaglia	Greenfield	Long	Orfield	Solberg
Bauerly	Hanson	Lourey	Osthoff	Sparby
Begich	Hartle	Mariani	Ostrom	Steensma
Bertram	Hasskamp	McEachern	Pelowski	Thompson
Bodahl	Hausman	McGuire	Peterson	Trimble
Brown	Jacobs	Milbert	Pugh	Tunheim
Carlson	Janezich	Munger	Reding	Uphus
Carruthers	Jaros	Murphy	Rest	Vellenga
Clark	Jefferson	Nelson, K.	Rice	Wagenius
Cooper	Johnson, A.	Nelson, S.	Rodosovich	Waltman
Dauner	Kahn	O'Connor	Rukavina	Wejcman
Dawkins	Kalis	Ogren	Sarna	Welle
Dille	Kelso	Olson, E.	Scheid	Winter
Dorn	Krueger	Olson, K.	Segal	Spk. Vanasek

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

Runbeck, Welker and Stanius moved to amend H. F. No. 53, the first engrossment, as amended, as follows:

Page 27, line 7, delete "[3.862]"

Page 27, after line 34, insert:

"Subd. 5. [EXPIRATION.] This section expires July 1, 1993."

Amend the title as follows:

Page 1, lines 31 and 32, delete "proposing coding for new law in Minnesota Statutes, chapter 3;"

The motion prevailed and the amendment was adopted.

Valento, Schreiber and Knickerbocker moved to amend H. F. No. 53, the first engrossment, as amended, as follows:

Page 9, after line 18, insert:

"None of the appropriation in this section may be used for light rail transit planning or administration."

A roll call was requested and properly seconded.

The question was taken on the Valento et al amendment and the roll was called. There were 51 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Johnson, V.	Omann	Sviggum
Anderson, R. H.	Goodno	Knickerbocker	Onnen	Swenson
Bettermann	Gruenes	Koppendrayer	Ozment	Tompkins
Blatz	Gutknecht	Krinkie	Pauly	Valento
Boo	Hartle	Limmer	Pellow	Waltman
Davids	Haukoos	Lynch	Runbeck	Weaver
Dempsey	Heir	Macklin	Schafer	Welker
Dille	Henry	Marsh	Schreiber	
Erhardt	Hufnagle	McPherson	Seaberg	
Frederick	Hugoson	Morrison	Smith	
Frerichs	Jennings	Newinski	Stanius	

Those who voted in the negative were:

Anderson, I.	Farrell	Krueger	Orfield	Skoglund
Anderson, R.	Garcia	Lieder	Osthoff	Solberg
Battaglia	Greenfield	Lourey	Ostrom	Sparby
Bauerly	Hanson	Mariani	Pelowski	Steensma
Begich	Hausman	McEachern	Peterson	Thompson
Bertram	Jacobs	Milbert	Pugh	Trimble
Bodahl	Janezich	Munger	Reding	Tunheim
Brown	Jaros	Murphy	Rest	Uphus
Carlson	Jefferson	Nelson, K.	Rice	Vellenga
Carruthers	Johnson, A.	Nelson, S.	Rodosovich	Wagenius
Clark	Johnson, R.	O'Connor	Rukavina	Wejcman
Cooper	Kahn	Olsen, S.	Sarna	Welle
Dauner	Kalis	Olson, E.	Scheid	Wenzel
Dawkins	Kelso	Olson, K.	Segal	Winter
Dorn	Kinkel	Orenstein	Simoneau	Spk. Vanasek

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

Kalis; Rice; Lieder; Battaglia; Steensma; Dille; Cooper; Wenzel; Welle; Brown; Johnson, V.; Rodosovich and Peterson moved to amend H. F. No. 53, the first engrossment, as amended, as follows:

Page 2, delete line 11 and insert:

"General	$132,959,000	$133,488,000	$266,447,000"

Page 2, delete line 24 and insert:

"TOTAL	1,267,810,000	1,302,953,000	2,570,763,000"

Page 20 line 41, delete "4,245,000" and insert "4,345,000" and delete "4,219,000" and insert "4,319,000"

Page 21, after line 16, insert:

"Of this appropriation, the board shall spend $100,000 the first year and $100,000 the second year as grants to the state agricultural society to be spent as grants to county agricultural societies for premiums for county fair competitions in arts and crafts."

The motion prevailed and the amendment was adopted.

Onnen, Waltman, Valento, Girard, Frederick, Goodno, Haukoos, Omann, Pellow, Weaver and Bettermann moved to amend H. F. No. 53, the first engrossment, as amended, as follows:

Page 4, line 26, delete "6,843,000" and insert "7,543,000" and delete "6,843,000" and insert "7,443,000"

Page 21, line 18, delete "12,700,000" and insert "12,000,000" and delete "12,600,000" and insert "12,000,000"

Page 21, delete lines 46 to 51

Adjust the totals accordingly

A roll call was requested and properly seconded.

The question was taken on the Onnen et al amendment and the roll was called. There were 49 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Knickerbocker	Onnen	Smith
Anderson, R.	Girard	Koppendrayer	Ostrom	Stanius
Anderson, R. H.	Goodno	Krinkie	Ozment	Sviggum
Bettermann	Gruenes	Leppik	Pauly	Swenson
Blatz	Hartle	Limmer	Pellow	Tompkins
Boo	Haukoos	Lynch	Pelowski	Uphus
Davids	Heir	Macklin	Runbeck	Valento
Dempsey	Henry	Morrison	Schafer	Waltman
Dorn	Hufnagle	Olsen, S.	Schreiber	Welker
Erhardt	Johnson, V.	Omann	Seaberg	

Those who voted in the negative were:

Anderson, I.	Garcia	Kinkel	Ogren	Simoneau
Battaglia	Greenfield	Krueger	Olson, E.	Skoglund
Bauerly	Gutknecht	Lasley	Olson, K.	Solberg
Begich	Hanson	Lieder	Orenstein	Sparby
Bertram	Hausman	Long	Orfield	Steensma
Bodahl	Hugoson	Lourey	Osthoff	Trimble
Brown	Jacobs	Mariani	Peterson	Tunheim
Carlson	Janezich	Marsh	Pugh	Vellenga
Carruthers	Jaros	McEachern	Reding	Wagenius
Clark	Jefferson	McPherson	Rest	Weaver
Cooper	Jennings	Milbert	Rice	Wejcman
Dauner	Johnson, A.	Munger	Rodosovich	Welle
Dawkins	Johnson, R.	Murphy	Rukavina	Wenzel
Dille	Kahn	Nelson, K.	Sarna	Winter
Farrell	Kalis	Nelson, S.	Scheid	Spk. Vanasek
Frerichs	Kelso	O'Connor	Segal	

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

Sviggum; Valento; McPherson; Nelson, S.; Gutknecht; Weaver; Boo; Dauner; Swenson and Haukoos offered an amendment to H. F. No. 53, the first engrossment, as amended.

POINT OF ORDER

Rice raised a point of order pursuant to rule 3.09 that the Sviggum et al amendment was not in order. Speaker pro tempore Krueger ruled the point of order well taken and the amendment out of order.

Sviggum appealed the decision of the Chair.

A roll call was requested and properly seconded.

CALL OF THE HOUSE

On the motion of Stanius and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abrams	Anderson, R. H.	Bauerly	Bertram	Bishop
Anderson, I.	Battaglia	Begich	Bettermann	Blatz

Bodahl	Hanson	Leppik	Orfield	Solberg
Boo	Hartle	Lieder	Ostrom	Sparby
Brown	Hasskamp	Limmer	Ozment	Stanius
Carlson	Haukoos	Long	Pauly	Steensma
Carruthers	Hausman	Lourey	Pellow	Sviggum
Clark	Heir	Macklin	Pelowski	Swenson
Cooper	Henry	Mariani	Peterson	Thompson
Dauner	Hufnagle	Marsh	Pugh	Tompkins
Davids	Hugoson	McGuire	Reding	Trimble
Dawkins	Jefferson	McPherson	Rest	Tunheim
Dempsey	Jennings	Milbert	Rice	Uphus
Dille	Johnson, A.	Morrison	Rodosovich	Valento
Dorn	Johnson, R.	Murphy	Rukavina	Vellenga
Erhardt	Johnson, V.	Nelson, K.	Runbeck	Wagenius
Farrell	Kahn	Nelson, S.	Sarna	Waltman
Frederick	Kalis	Newinski	Schafer	Weaver
Frerichs	Kelso	O'Connor	Scheid	Wejcman
Garcia	Kinkel	Olsen, S.	Schreiber	Welker
Girard	Knickerbocker	Olson, E.	Seaberg	Welle
Goodno	Koppendrayer	Olson, K.	Segal	Wenzel
Greenfield	Krinkie	Omann	Simoneau	Winter
Gruenes	Krueger	Onnen	Skoglund	Spk. Vanasek
Gutknecht	Lasley	Orenstein	Smith	

Long 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.

Sviggum withdrew his appeal of the decision of the Chair.

Rice withdrew his point of order pursuant to rule 3.09 relating to the Sviggum et al amendment to H. F. No. 53, the first engrossment, as amended.

Sviggum withdrew the Sviggum et al amendment to H. F. No. 53, the first engrossment, as amended.

H. F. No. 53, 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; providing for regulation of certain activities and practices; providing for certain rights-of-way; requiring studies and reports; fixing and

limiting accounts and fees; amending Minnesota Statutes 1990, sections 10A.02, by adding a subdivision; 12.14; 15A.081, subdivision 1; 16A.662, subdivisions 2, 4, and 5; 41A.09, subdivision 3; 60A.14, subdivision 1; 60A.17, subdivision 1d; 72B.04, subdivision 7; 80C.04, subdivision 1; 80C.07; 80C.08, subdivision 1; 82.22, subdivisions 1, 5, 10, and 11; 115C.09, by adding a subdivision; 129D.04, by adding subdivisions; 129D.05; 138.91; 138.94; 162.02, subdivision 12; 168C.04; 171.06, subdivision 2a; 171.26; 182.651, by adding subdivisions; 182.661, subdivisions 1, 2, 2a, 3, 3a, and by adding subdivisions; 182.664, subdivisions 3 and 5; 182.666, subdivisions 1, 2, 3, 4, 5, and 5a; 182.669, subdivision 1; 184.28, subdivision 2; 184.29; 184A.09; 239.78; 240.02, subdivisions 2 and 3; 240.06, subdivision 8; 240.155; 240.28; 297B.09, subdivision 1; 299F.57, subdivision 1a; 299F.641, subdivision 2; 299K.07; 299K.09, subdivision 2; 336.9-413; 349.12, subdivision 10; 349.151, subdivision 2; 349A.01, subdivisions 5 and 9; 349A.02, subdivision 1; 349A.03, subdivision 1; 349A.10, subdivision 5; and 626.861, subdivisions 1 and 4; Laws 1989, chapter 269, sections 11, subdivision 7; and 31; repealing Minnesota Statutes 1990, sections 182.664, subdivision 2; 240.01, subdivision 15; 349.12, subdivision 12; 349A.01, subdivisions 3, 4, and 6; and 349B.01; and Laws 1989, chapter 322, section 7.

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.

Pursuant to Minnesota Statutes, section 10A.07, Hanson requested that he be excused from voting on final passage of H. F. No. 53, as amended. The request was granted by the Speaker.

Long moved that those not voting be excused from voting. The motion prevailed.

There were 95 yeas and 37 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Clark	Hasskamp	Kahn	McEachern
Anderson, R.	Cooper	Hausman	Kalis	McGuire
Anderson, R. H.	Dauner	Henry	Kelso	Milbert
Battaglia	Dawkins	Hufnagle	Kinkel	Morrison
Bauerly	Dille	Hugoson	Krueger	Munger
Begich	Dorn	Jacobs	Lasley	Murphy
Bertram	Farrell	Janezich	Lieder	Nelson, K.
Blatz	Frederick	Jaros	Long	Nelson, S.
Bodahl	Garcia	Jefferson	Lourey	O'Connor
Brown	Girard	Johnson, A.	Macklin	Ogren
Carlson	Goodno	Johnson, R.	Mariani	Olsen, S.
Carruthers	Greenfield	Johnson, V.	Marsh	Olson, E.

Olson, K.	Peterson	Sarna	Sparby	Vellenga
Orenstein	Pugh	Scheid	Steensma	Wagenius
Orfield	Reding	Seaberg	Swenson	Wejcman
Osthoff	Rest	Segal	Thompson	Welle
Ostrom	Rice	Simoneau	Tompkins	Wenzel
Pauly	Rodosovich	Skoglund	Trimble	Winter
Pelowski	Rukavina	Solberg	Tunheim	Spk. Vanasek

Those who voted in the negative were:

Abrams	Gruenes	Krinkie	Ozment	Uphus
Bettermann	Gutknecht	Leppik	Pellow	Valento
Bishop	Hartle	Limmer	Runbeck	Waltman
Boo	Haukoos	Lynch	Schafer	Weaver
Davids	Heir	McPherson	Schreiber	Welker
Dempsey	Jennings	Newinski	Smith	
Erhardt	Knickerbocker	Omann	Stanius	
Frerichs	Koppendrayer	Onnen	Sviggum	

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

SPECIAL ORDERS

Long moved that the bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Long moved that the bills on General Orders for today be continued. The motion prevailed.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1086, A bill for an act relating to the financing and operation of government in Minnesota; establishing a homestead credit trust fund; allowing the imposition of certain local taxes and fees; modifying the administration, computation, collection, and

enforcement of taxes and assessments; imposing taxes; changing tax classes, rates, bases, credits, exemptions, withholding, and payments; modifying levy limits and aids to local governments; updating references to the Internal Revenue Code; modifying tax increment financing laws; changing definitions; changing certain bonding provisions; providing for suspension of mandate requirements; providing for certain fund transfers; changing provisions for light rail transit; changing certain emminent domain powers; making technical corrections and clarifications; enacting provisions relating to certain cities, counties, watershed districts, and independent school districts; requiring studies; imposing a fee; imposing a surtax; changing certain provisions relating to certain ambulance and emergency services personnel plans; prescribing penalties; appropriating money; amending Minnesota Statutes 1990, sections 13.51, subdivision 2; 14.03, subdivision 3; 18.022, subdivision 2; 43A.316, subdivision 9; 60A.19, subdivision 8; 69.011, subdivisions 1 and 3; 69.021, subdivisions 4, 6, 7, 8, and 9; 69.54; 84.82, by adding a subdivision; 115B.24, subdivision 2; 116.07, subdivision 4h; 124A.03, subdivision 2, and by adding a subdivision; 138.17, subdivision 1a; 171.06, by adding a subdivision; 268.161, subdivision 1; 270.067, subdivisions 1 and 2; 270.11, subdivision 6; 270.12, subdivision 2, and by adding a subdivision; 270.274, subdivision 1; 270.60; 270.66, subdivision 3; 270.68, subdivision 1; 270.69, subdivisions 2, 8, 9, and by adding a subdivision; 270.70, subdivision 10; 270.75, subdivision 4; 270A.03, subdivision 7; 270B.09; 272.02, subdivision 4; 272.025, subdivision 1; 272.31; 272.479; 272.482; 272.483; 272.485; 272.486; 272.67, subdivision 6; 273.11, subdivision 1, and by adding subdivisions; 273.111, subdivision 6; 273.112, subdivisions 1, 2, 3, and 4; 273.12; 273.124, subdivisions 1, 7, 13, and 14; 273.13, subdivisions 22, 23, 24, 25, 31, 32, and by adding a subdivision; 273.1398, subdivisions 6 and 7; 273.1399, subdivisions 1 and 3; 275.065, subdivisions 1a, 3, 5a, and 6; 275.08, subdivision 1b; 275.125, by adding a subdivision; 275.50, subdivisions 5, 5a, and 5b; 275.51, subdivisions 3f, 3h, and 3j; 275.54, subdivision 3; 276.04, subdivision 2; 276.041; 277.01; 278.01; 279.01, subdivisions 1 and 2; 279.03, subdivision 1a; 279.06; 281.17; 282.01, subdivision 1; 287.22; 289A.01; 289A.02, by adding a subdivision; 289A.08, by adding a subdivision; 289A.11, subdivision 1; 289A.12, by adding a subdivision; 289A.18, subdivisions 1, 2, and 4; 289A.19, subdivisions 1 and 2; 289A.20, subdivisions 1, 2, 4, and by adding a subdivision; 289A.25, subdivision 10; 289A.26, subdivisions 1, 6, and by adding a subdivision; 289A.30, subdivision 1; 289A.31, subdivision 1; 289A.35; 289A.37, subdivision 1; 289A.38, subdivisions 9, 10, and 12; 289A.42, subdivisions 1 and 2; 289A.50, subdivision 1; 289A.56, subdivision 2; 289A.60, subdivisions 2, 4, 12, 15, and by adding a subdivision; 290.01, subdivisions 19, 19a, 19b, and 19d; 290.014, subdivisions 2, 3, 4, and 5; 290.05, subdivision 3; 290.06, subdivisions 2c, 2d, 21, 22, 23, and by adding subdivisions; 290.067, subdivisions 1 and 2a; 290.068, subdivisions 1, 2, and 5; 290.0802, subdivisions 1 and 2; 290.091, subdivisions 1 and 2; 290.0921, subdivision 8; 290.0922, subdivision 1, and by adding a subdivision; 290.17, subdivisions 1, 2, and 5; 290.191, subdivisions 6, 8, and 11;

290.35, subdivision 3; 290.431; 290.611, subdivision 1; 290.92, subdivisions 1, 4b, 4c, 12, 26, 27, and by adding a subdivision; 290.923, by adding a subdivision; 290.9727, subdivisions 1, 3, and by adding subdivisions; 290A.03, subdivisions 3 and 7; 290A.04, by adding a subdivision; 290A.05; 290A.091; 295.01, subdivision 10; 295.34, subdivision 1; 296.026, subdivisions 2, 7, and by adding a subdivision; 296.14, subdivision 1; 297.01, subdivision 7; 297.03, subdivisions 1, 2, 4, and 6; 297.07, subdivision 5; 297.08, subdivision 1; 297.11, subdivision 1, and by adding subdivisions; 297.35, subdivision 1; 297.43, by adding a subdivision; 297A.01, subdivisions 3, 8, 10, 15, and by adding a subdivision; 297A.02, subdivisions 1, 2, 3, and by adding subdivisions; 297A.14, by adding a subdivision; 297A.15, by adding a subdivision; 297A.21, subdivisions 1 and 4; 297A.211, subdivision 2; 297A.24; 297A.25, subdivisions 1, 10, 11, 12, and by adding a subdivision; 297A.255, subdivision 5; 297A.257, subdivisions 2 and 2a; 297A.259; 297A.44, subdivision 1, and by adding a subdivision; 297B.02, by adding a subdivision; 297B.09, by adding a subdivision; 297C.03, subdivisions 1 and 6; 297C.04; 297C.10, by adding a subdivision; 297D.01, subdivision 3; 297D.02; 297D.04; 297D.05; 297D.07; 297D.09, subdivisions 1 and 1a; 297D.11; 297D.12, subdivision 1; 297D.13, subdivisions 1 and 3; 297D.14; 298.01, subdivisions 3, 4, and by adding subdivisions; 298.015, subdivision 1; 298.16; 298.21; 298.27; 325D.32, subdivision 10, and by adding a subdivision; 325D.415; 336.9-411; 349.212, subdivision 4; 353D.01; 353D.02; 353D.03; 353D.05; 353D.06; 357.18, subdivision 2; 375.192, subdivision 2; 386.46; 398A.04, subdivision 8; 414.031, subdivision 6; 414.0325, subdivision 4; 414.033, subdivision 7; 414.06, subdivision 4; 414.061, subdivision 3; 430.102, subdivisions 3 and 4; 462C.03, subdivision 10; 469.012, subdivision 8; 469.176, subdivision 1; 469.1763, subdivisions 1, 2, 3, 4, and by adding a subdivision; 469.177, subdivisions 1 and 8; 469.1771, subdivisions 2 and 4; 469.179, by adding a subdivision; 469.190, subdivision 7; 473.3994, by adding a subdivision; 473.843, subdivision 3; 473F.01; 473F.02, subdivisions 3, 8, 12, and 13; 473F.05; 473F.06; 473F.07; 473F.08, subdivisions 2, 5, and 6; 473F.09; 473F.13, subdivision 1; 477A.011, subdivisions 27, as amended, and 28, as amended; 477A.012, subdivision 6, as added, and by adding a subdivision; 477A.013, subdivision 8, as added; 477A.0135, as added; 477A.014, subdivisions 1, as amended, 4, and by adding subdivisions; 477A.015; 477A.03, subdivision 1; 508.25; 508A.25; 515A.1-105, subdivision 1; Laws 1974, chapter 285, section 4, as amended; Laws 1980, chapter 511, section 1, subdivision 2; Laws 1986, chapter 462, section 31; Laws 1987, chapter 268, article 11, section 12; Laws 1989, First Special Session chapter 1, article 14, section 16; Laws 1990, chapter 604, article 2, section 22; article 3, section 46, subdivision 1; and article 6, section 11; proposing coding for new law in Minnesota Statutes, chapters 16A; 117; 268; 270; 272; 273; 275; 276; 277; 290; 295; 296; 297; 297A; 325D; 353D; 373; 451; and 471; repealing Minnesota Statutes 1990, sections 272.487; 272.50; 272.51; 272.52; 272.53; 273.137; 273.1398; 277.02; 277.05; 277.06; 277.07; 277.08; 277.09; 277.10; 277.11; 277.12; 277.13; 289A.19, subdivision 6; 290.068, subdivision 6; 290.069, subdivi-

sions 2a, 4a, and 4b; 290.17, subdivision 7; 290.191, subdivision 7; 290.48, subdivisions 5 and 8; 296.028; 297A.257, subdivisions 1, 2b, and 3; 297A.39, subdivision 9; 298.05; 298.06; 298.07; 298.08; 298.09; 298.10; 298.11; 298.12; 298.13; 298.14; 298.15; 298.19; 298.20; 473F.02, subdivisions 9, 11, 16, 17, 18, 19, and 20; 473F.12; 473F.13, subdivisions 2 and 3; 477A.011; 477A.012; 477A.013; 477A.014; 477A.015; 477A.016; 477A.017; and 477A.03; Laws 1986, chapter 399, article 1, section 5; and Laws 1989, chapter 277, article 4, section 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Ogren moved that the House refuse to concur in the Senate amendments to H. F. No. 1086, 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.

CALL OF THE HOUSE LIFTED

Rodosovich moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

MOTIONS AND RESOLUTIONS

Hasskamp moved that the words "by request" be added after her name on H. F. No. 1672. The motion prevailed.

Olson, K., moved that the following statement be printed in the Permanent Journal of the House:

"It was my intention to vote in the affirmative on Wednesday, May 1, 1991, on the Hasskamp et al amendment, as amended, to H. F. No. 1086, the first engrossment, as amended." The motion prevailed.

McGuire moved that the following statement be printed in the Permanent Journal of the House:

"It was my intention to vote in the affirmative on Wednesday, May 1, 1991, on the Knickerbocker et al amendment to H. F. No. 1086, the first engrossment, as amended." The motion prevailed.

Davids moved that the following statement be printed in the Permanent Journal of the House:

"It was my intention to vote in the affirmative on Wednesday, May 1, 1991, on the Schreiber et al amendment to H. F. No. 1086, the first engrossment, as amended." The motion prevailed.

Henry moved that H. F. No. 308 be returned to its author. The motion prevailed.

Bertram moved that H. F. No. 577 be returned to its author. The motion prevailed.

Sviggum moved that H. F. No. 1339 be returned to its author. The motion prevailed.

Simoneau moved that H. F. No. 1631, now on General Orders, be re-referred to the Committee on Appropriations. 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. 132:

Dawkins, Murphy and Hartle.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 137:

Scheid, Gutknecht and Osthoff.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 244:

Murphy, Lieder and Waltman.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 633:

Kinkel, McGuire and Goodno.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 700:

Nelson, K.; Bauerly; Kelso; Schafer and McEachern.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 809:

Olson, E.; Schreiber and Dauner.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1086:

Ogren; Long; Olson, E.; Rest and Jacobs.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1179:

Orfield, Garcia and Leppik.

ADJOURNMENT

Long moved that when the House adjourns today it adjourn until 1:00 p.m., Friday, May 3, 1991. The motion prevailed.

Long moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 1:00 p.m., Friday, May 3, 1991.

EDWARD A. BURDICK, Chief Clerk, House of Representatives